



**FOR IMMEDIATE RELEASE**

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**IIPA Announces Strong Support for USTR Zoellick's and the Bush Administration's  
Naming of Ukraine as a Special 301 "Priority Foreign Country"**

**Copyright Industries Hope that Action will Prompt Ukraine to Take Action to Halt Massive Production  
and Export of Pirate Optical Media (CD) Products**

**Washington** — The International Intellectual Property Alliance (IIPA) today applauded USTR's decision to take strong trade action against Ukraine for its failure to meet a March 1 deadline to control production and export of pirate copyrighted products throughout Western and Eastern Europe and Central Asia and otherwise to bring its copyright protection and enforcement regime up to international standards.

Failure by Ukraine to redeem the promises it made last June in an agreement between former President Clinton and Ukraine President Kuchma could result in severe trade sanctions against Ukraine.

IIPA President Eric H. Smith thanked the new USTR, Robert Zoellick, for the action. "We are encouraged by the willingness of USTR and the Administration to take this tough action against countries which engage in massive piracy of U.S. protected products. We are also saddened that the U.S. government must go to such extremes to remedy a global problem which the Ukraine government should have fixed long ago. Ukraine has become the largest producer and exporter of illegal optical media product (CD's CD-ROMs, and DVDs) containing U.S. copyrighted works in all of Central and Eastern Europe and the CIS. Ukraine has failed to implement the three-part Action Plan it committed to in bilateral negotiations with the US government by the date promised. This action should send a clear message to Ukraine and our trading partners that the U.S. government will not tolerate the disruption of global markets caused by this kind of criminal theft. Ukraine left the U.S. government with little alternative after it utterly failed over a number of years to take the steps necessary to solve these problems. No country should tolerate this kind of massive piracy. Ukraine does not need to face the additional hardships that trade sanctions will bring by its continuing to ignore these problems."

Smith added, "The U.S. government put enormous resources into the effort to convince Ukraine to take action. We thank them for their support. The copyright industries, and particularly the recording industry which has been hardest hit by this illicit activity, have been working for years to solve this nagging problem. We urge President Kuchma to take immediate action to close down these factories and ensure that they only produce legal product as well as adopt needed legislation to ensure continuing protection for all countries' intellectual property. We also thank the U.S. Ambassador to Ukraine, Carlos Pascual, and his staff, for their tireless support of U.S. interests in this matter."

**About the IIPA and the Impact of the U.S. Copyright Industries on the U.S. Economy and Foreign Trade**

The International Intellectual Property Alliance (IIPA) is a coalition of seven 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. These member 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 applications software and entertainment software (such as videogame CDs and cartridges, personal computer CDs and multimedia products); motion pictures, television programs, DVDs and home videocassettes; music, records, CDs, and audiocassettes; and textbooks, tradebooks, reference and professional publications and journals (in both electronic and print media).

According to Copyright Industries in the U.S. Economy: The 2000 Report, prepared for IIPA by Economists, Inc., the core copyright industries accounted for \$457.2 billion in value added to the U.S. economy, or approximately 4.9% of the Gross Domestic Product (GDP) in 1999 (the last year for which complete data is available). In the years since 1977, the core copyright industries share of GDP grew at an annual rate more than twice as fast as the remainder of the economy (7.2% vs. 3.1%). Employment in the core copyright industries more than doubled over the same time period to 4.3 million workers 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.

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