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## Leading U.S. Industries Highlight Global Challenges to Legitimate Digital Marketplaces for Creative Content

### IIPA Calls on U.S. Government to Help Ensure Trading Partners Step Up Copyright Protection

**Washington**—The nation's leading creative industries, which employ 5.5 million Americans, today urged the U.S. government to ensure that our trading partners bring their copyright laws and enforcement practices up to date to meet new challenges that impede the healthy growth of digital trade in music, movies, TV programming, literary works, videogames and other copyrighted materials.

In its submission in the annual "Special 301" inquiry by the Office of the U.S. Trade Representative (USTR), the International Intellectual Property Alliance (IIPA) recommended 19 countries for inclusion on special watch lists because of harmful records on protection, enforcement or market access for U.S. innovators and creators. Additionally, specific challenges in seven other countries were also detailed in an Annex report.

"The copyright industries have embraced all means of digital technologies to produce and distribute their products and services around the world," said Eric J. Schwartz, counsel to IIPA. "For these creative industries to flourish abroad, foreign markets need to have strong copyright laws and enforcement, as well as sound legal structures to enable healthy licensing of creative works, and eliminate market access barriers and unfair competitive practices."

Schwartz noted that the core copyright industries account for 6.9% of the U.S. economy and add \$1.2 trillion annually to the GDP and added: "Dynamic market conditions and changing technologies create enormous opportunities with huge potential to further expand economic growth and creative activity. But that potential will only be reached if copyright protection, enforcement shortcomings, and market access barriers can be corrected."

IIPA's submission focuses on key markets where sustained engagement by the U.S. government will reap positive results for creators and the industries that support them. It includes the following:

- Nine countries —Argentina, Chile, China, India, Mexico, Russia, Taiwan, Ukraine, and Vietnam—recommended for placement on USTR's Priority Watch List;
- Ten countries —Brazil, Canada, Colombia, Ecuador, Indonesia, Peru, Switzerland, South Africa, Thailand, and United Arab Emirates—nominated for placement on USTR's Watch List.

Among the cross-cutting challenges highlighted in IIPA's Special 301 submission:

- The global proliferation of **illicit streaming devices**: set-top boxes and other devices weaponized with software and apps that enable unauthorized access to streaming music, video, games, and published materials. While China is the major source of ISDs, their impact now undermines legitimate digital marketplaces worldwide.
- **Stream-ripping services** and other illegal means of circumventing the access control technologies that are essential to new digital consumer services—from streaming and downloading, to innovative entertainment software.
- A range of trading partners that have yet to accede to, or implement, the **World Intellectual Property Organization Internet treaties**, which set global, minimum copyright standards for the digital networked environment.
- **Disturbing trends in national copyright law amendments** that focus on weakening copyright protections, often falling below minimum global norms.



- The need for modernized legal frameworks adapted to **meet the challenge of online piracy**, including legal incentives for inter-industry cooperation to keep the network secure and healthy, and making effective injunctive relief available to remedy online theft of intellectual property.
- Renewed efforts to **ensure that our trading partners fulfill their obligations**, enshrined in bilateral and multilateral treaties and agreements, to open their markets to U.S. goods and services dependent on copyright protection.
- Dismantling **market access barriers**, including rules and regulations that discriminate against U.S. copyright-based businesses and their products.

"IIPA commends USTR for making the Special 301 process a positive catalyst for change to further open key markets around the world to products and services that embody American creativity and innovation," Schwartz concluded. "Meeting the challenges identified in this submission will create more good American jobs, promote exports, and contribute substantially to healthy economic growth in the U.S. and abroad."

The full report and more materials can be found at <https://iipa.org/reports/special-301-reports/>. For more information, contact: the IIPA at (202) 355-7900 or at [info@iipa.org](mailto:info@iipa.org).

| IIPA 2018 Special 301 Recommendations |                      |
|---------------------------------------|----------------------|
| Priority Watch List                   | Watch List           |
| Argentina                             | Brazil               |
| Chile                                 | Canada               |
| China                                 | Colombia             |
| India                                 | Ecuador              |
| Mexico                                | Indonesia            |
| Russian Federation                    | Peru                 |
| Taiwan                                | South Africa         |
| Ukraine                               | Switzerland          |
| Vietnam                               | Thailand             |
|                                       | United Arab Emirates |
| 9                                     | 10                   |

**About the IIPA:** IIPA is a private sector coalition, formed in 1984, of trade associations representing U.S. copyright-based industries working to improve international protection and enforcement of copyrighted materials and to open foreign markets closed by piracy and other market access barriers. IIPA's five member associations represent over 3,200 U.S. companies producing and distributing materials protected by copyright laws throughout the world. These include entertainment software, including interactive games for video game consoles, handheld devices, personal computers and the Internet; educational software; motion pictures, television programming, DVDs and home video and digital representations of audiovisual works; music, records, CDs, and audiocassettes; and fiction and non-fiction books, education instructional and assessment materials, and professional and scholarly journals, databases and software in all formats. Members of the IIPA include Association of American Publishers ([www.publishers.org](http://www.publishers.org)), Entertainment Software Association ([www.theesa.com](http://www.theesa.com)), Independent Film & Television Alliance ([www.ifta-online.org](http://www.ifta-online.org)), Motion Picture Association of America ([www.mpa.org](http://www.mpa.org)), and Recording Industry Association of America ([www.riaa.com](http://www.riaa.com)).

In December 2016, IIPA released the latest update of its economic report, *Copyright Industries in the U.S. Economy: The 2016 Report*, prepared by Stephen E. Siwek of Economists Inc. According to the report, the "core" copyright industries in the U.S. generated over \$1.2 trillion of economic output in 2015, accounting for 6.88% of the entire economy. The core copyright industries also employed over 5.5 million workers in 2015, accounting for 3.87% of the entire U.S. workforce, and 4.57% of total private employment in the U.S. These workers earn on average 38% higher wages than other U.S. employees. The core copyright industries also outpaced the U.S. economy, growing at an aggregate annual rate of 4.81% between 2012 and 2015, while the U.S. economy as a whole grew by 2.11%. When factoring in other industries that contribute to the copyright economy (which together make up the "total" copyright industries), the numbers are even more compelling. Finally, the report highlights the positive contribution of selected copyright sectors to the U.S. overall trade balance. In 2015, these sectors contributed \$177 billion in foreign sales and exports, exceeding that of many other industry sectors, including: chemicals, aerospace products and parts, agricultural products, and pharmaceuticals and medicines. Studies such as this amply demonstrate the contribution of creators, and the copyright-based industries that support them, to the economy. The full economic report is available at <https://iipa.org/reports/copyright-industries-us-economy/>.