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IIPA Applauds USTR on the Release of the 2019 Special 301 Report and the Identification of Notorious Markets Facilitating Global Piracy Report

2019 Special 301 Report Highlights Market Access and Enforcement Challenges for U.S. Creative Industries in Major Overseas Markets Notorious Markets Report Documents Online and Physical Marketplaces that Cause Significant Economic Harm to the U.S. Creative Industries

Washington — The International Intellectual Property Alliance® (IIPA®) commends the Office of the United States Trade Representative (USTR) on the release today of the *2019 Special 301 Report*. This annual report, mandated by an Act of Congress, identifies major impediments to expanding legitimate global commerce in creative works. IIPA extends its gratitude to Ambassador Lighthizer, the staff at USTR, and all of the other contributing agencies for their hard work on this report and their continued dedication to promote strong copyright protection and enforcement by our trading partners. The ultimate goal of Special 301 is to open markets, including the now-expanding digital marketplace, for American copyrighted materials, including publications, recorded music, movies and TV programming, and video games and other entertainment software. To achieve this, these markets need world-class copyright laws; efficient copyright enforcement; sound legal structures for copyright licensing; and the elimination of market-access barriers. Opening these markets is a proven means to grow U.S. exports, create good American jobs, and enhance U.S. global competitiveness. Special 301 remains a key policy tool for advancing these goals; and America's copyright industries appreciate USTR's continued commitment to preserving this tool's integrity and effectiveness.

This year's report once again takes up key priorities of the U.S. creative industries, especially in the online and mobile marketplaces, including by calling on our trading partners to eliminate barriers that impede the ability of lawful copyright-based services to compete. In particular, IIPA welcomes the report highlighting some of the cross-cutting issues including the need for U.S. trading partners to address the problems of online and broadcast piracy, as well as to improve IP enforcement overall. The report also notes the important role that collective management organizations (CMOs) for copyright can play in ensuring compensation for right holders and seeks to ensure that CMO practices are fair, efficient, transparent and accountable. The report identifies key overseas markets where trade barriers including inadequate copyright enforcement and other market access restrictions should be addressed. Progress in these markets will not only contribute to positive results for U.S. creators, but will also help our trading partners to develop and nurture their own local cultural and creative output.

As the digital marketplace grows, so do the opportunities – but also the challenges – for the American creative community. These challenges are found not only in major emerging markets, such as China, Brazil and Russia, but also in other smaller markets. The U.S. copyright industries look forward to working with USTR and with agencies across the U.S. government to encourage our trading partners to make concrete progress toward stronger and more open copyright marketplaces.

In today's announcement:

- USTR lists 11 countries on the [Priority Watch List](#), including key copyright markets like Chile, China, India and Indonesia;
- USTR lists 25 countries on the [Watch List](#), including key markets for creators like Brazil, Canada, Mexico, Switzerland, Thailand, United Arab Emirates, and Vietnam.

On February 7th, IIPA made a detailed submission to USTR with its recommendations for the 2019 Special 301 Report. IIPA's full submission can be found at <https://www.iipa.org/reports/special-301-reports/>.

| Priority Watch List | Watch List |
|---------------------------|-----------------------------|
| Algeria | Barbados |
| Argentina | Bolivia |
| Chile | Brazil |
| China | Canada |
| India | Columbia |
| Indonesia | Costa Rica |
| Kuwait | Dominican Republic |
| Russian Federation | Ecuador |
| Saudi Arabia | Egypt |
| Ukraine | Greece |
| Venezuela | Guatemala |
| | Jamaica |
| | Lebanon |
| | Mexico |
| | Pakistan |
| | Paraguay |
| | Peru |
| | Romania |
| | Switzerland |
| | Thailand |
| | Turkey |
| | Turkmenistan |
| | United Arab Emirates |
| | Uzbekistan |
| | Vietnam |

USTR also announced today the results of its **2018 Special 301 Out-of-Cycle Review of Notorious Markets**. The USTR Notorious Markets report identifies 33 online and 25 physical marketplaces around the world that engage in and facilitate substantial copyright piracy by marketing and distributing infringing goods and services. IIPA applauds the USTR report, noting in particular that the list includes many of the notorious online and physical markets identified by IIPA members in their respective filings to the U.S. Government.

The Notorious Markets report includes some markets previously listed, such as Sci-hub, which is allegedly based in Russia and continues to be the most problematic online actor for science, technical and medical and other scholarly publishers. The list also includes ThePirateBay, which has reestablished itself as the single most popular BitTorrent index site in the world. Additionally, the report notes some markets that have closed due to the notoriety of past listings and the ensuing enforcement actions.

IIPA Counsel Eric J. Schwartz commented, "We commend USTR and all who worked in the inter-agency process for their outstanding work in identifying notorious markets for copyright piracy. The process of identifying specific online and physical illegal markets is a vital tool to help rights holders in their quest to develop legal services and markets for the ultimate benefit of consumers worldwide. Ridding marketplaces of blatant infringers allows greater access to legal content, including literary works, music, movies and TV programming, video games, software, and other products and services, all of which are available now for consumers, in more formats than at any time in history. The Notorious Markets list also helps foreign governments identify online piracy operations with connections to their jurisdictions and guides the U.S. government in engaging our trading partners in cooperative efforts to open their markets to licensed distribution of U.S. creative materials."

The USTR Notorious Markets Report can be found here: https://ustr.gov/sites/default/files/2018_Notorious_Markets_List.pdf.

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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), Entertainment Software Association (www.theesa.com), Independent Film & Television Alliance (www.ifta-online.org), Motion Picture Association of America (www.mpa.org), and Recording Industry Association of America (www.riaa.com).

In December 2018, IIPA released the latest update of its economic report, *Copyright Industries in the U.S. Economy: The 2018 Report*, prepared by Stephen E. Siwek of Economists Inc. According to the Report, the "core" copyright industries in the U.S. generated over \$1.3 trillion of economic output in 2017, accounting for 6.85% of the entire economy. The core copyright industries also employed approximately 5.7 million workers in 2017, accounting for 3.85% of the entire U.S. workforce, and 4.54% of total private employment in the U.S. These workers earn on average 39% higher wages than other U.S. workers. The core copyright industries also outpaced the U.S. economy, growing at an aggregate annual rate of 5.23% between 2014 and 2017, while the U.S. economy as a whole grew by 2.21%. 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 2017, these sectors contributed \$191.2 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/>.