

Brazil: More than Half of São Paulo Population Buys Pirated Products

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Friday, 27 April 2007

Music, film and publishing industries from around the world lose billions of dollars annually due to inadequate legal protection of intellectual property, but the real victims might be struggling artists in developing countries, like Brazil, according to international organizations and government anti-piracy agencies.

"Piracy is a cross-border, transnational crime, often run by efficient organized crime groups, some of which even have links to terrorist organizations," a UNESCO report says.

Piracy of intellectual property poses challenges that urgently call for international cooperation between industry, governments and law enforcement agencies, the report says.

The Brazilian economy loses about US\$ 15 billion every year to piracy just in taxes that are not collected by the country's IRS. It's also estimated that every street vendor who sets up his booth with counterfeited material, including electronics, clothes, software, CDs and DVDs, prevents the creation of six formal jobs.

These numbers were released earlier this year by the FIA (Administration Institute Foundation) the foremost authority in consumer market in Brazil. The data are from their research Ethics - Ethical and Conscientious Consumption.

The FIA study reveals that 35.2% of Paulistanos (residents of São Paulo city) always buy pirated products. And more than half the population (55.4%) had recently bought some counterfeit article. For 91.7% the main motivation to buy these illegal products is their low price. Among pirated merchandise in Brazil, CDs and DVDs appear in first place.

Copyright protection stimulates creativity by rewarding artists and safeguarding their cultural environment, according to creative industry representatives.

"It is also a key tool for creating incentives for investment in the creation and distribution of cultural materials - and thereby promoting cultural diversity," said Neil Turkewitz, executive vice president of the Recording Industry Association of America (RIAA).

But, according to an annual report by the U.S. Trade Representative (USTR), rampant counterfeiting and piracy problems continue to plague many regions of the world, including large emerging markets like Brazil, India, Russia and China (also known as BRIC).

The U.S. State Department cites data that show global losses from piracy of creative works and software reach \$30 billion to \$35 billion per year.

Although American cultural products, such as music recordings and movies, are a frequent target, local industries and artists are the primary victims of inadequate law enforcement, industry associations say.

"These losses are not confined to wealthier economies. They are increasingly undercutting the economic performance of local entrepreneurs in developing economies," said Kamil Idris, director-general of the World Intellectual Property Organization, during the Third Global Congress on Combating Counterfeiting and Piracy in January 2007.

For example, according to the Motion Picture Association of America, U.S. studios lost US\$ 565 million due to copyright piracy in China during 2005. But the Chinese film industry lost more than twice that much, around US\$ 1.5 billion during the same period.

Mexico's long-established, vibrant music industry has been devastated by piracy. The International Intellectual Property Alliance (IIPA) estimates that 67 percent of all compact discs (CDs) sold in Mexico are believed to be reproduced illegally.

As a result, Mexican CD sales plunged by 25 percent between 2002 and 2003, employment in the legitimate recording industry has fallen by nearly half since 2000 and the government is losing more than US\$ 100 million annually in tax revenue, according to the International Chamber of Commerce.

India's film industry clustered in Mumbai, known as "Bollywood," is producing more than 1,000 films per year and quickly is winning audiences around the world. But the U.S.-India Business Council estimates Bollywood is losing up to 80% of its revenues to piracy.

Similar problems are reported by the media and industry associations in Mali, Burma, Vietnam, the Philippines, South Korea, Brazil and many other countries. An IIPA report estimates that in some areas pirated goods take up 100 percent of the market, squeezing out legitimate production entirely.

The protection of copyrights and other intellectual property is vital to economic growth and global competitiveness, and countries that fail to provide such protection put their own development and global interests at risk, say U.S. and international officials.

"Because we believe so strongly in the value of intellectual property rights and their ability to strengthen economies, the United States is working aggressively to help countries around the world strengthen rights," U.S. Secretary of Commerce

Carlos Gutierrez has said.

The U.S. administration is leading an initiative called STOP - Strategy Targeting Organized Piracy -- to help protect intellectual property at home and abroad. It is posting specially trained prosecutors and FBI agents at American Embassies in Asia, Eastern Europe and other regions, and is working with other nations, the private sector and international organizations to promote strong intellectual property laws.

Several U.S. government agencies, including the U.S. Patent Office, the Copyright Office, the Homeland Security Department, U.S. Trade and Development Agency and the FBI provide a variety of training and technical assistance programs on intellectual property protection for international participants.

In the increasingly knowledge-based and borderless global economy, the products of the human mind have special social and economic significance and require special care and protection, say U.S. officials and representatives of intellectual property industries. "Encouraging creativity - rewarding the creative, innovative talents on which our world and our future are built - these are the ends which intellectual property serves," WIPO's Idris said.