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**IIPA Praises U.S. and Ukraine Governments for Efforts to Combat Piracy
Five Optical Media Plants Closed**

Washington — The International Intellectual Property Alliance (IIPA) is extremely pleased by yesterday's Joint Statement by the U.S. and Ukraine governments announcing a plan to combat optical media piracy in Ukraine. We applaud President Clinton and President Kuchma for their endorsement of an action plan, worked on with the help and support of the copyright industries, in particular the recording industry, to bring an end to the rampant CD piracy production in Ukraine.

Eric H. Smith, President of IIPA, noted that: "The Ukraine-U.S. action plan agreed to by both governments, is an historic opportunity to end illegal optical media production in Ukraine. For several years, organized criminal optical media production in the region has been on the rise, swamping Central and Eastern European markets with illegal CDs, CD-ROMs, DVDs; Ukraine has been the major producer of this material. Yesterday's agreed-upon detailed action plan, once properly implemented, should bring an end to this practice in Ukraine. By stopping this illegal production, Ukraine will not only benefit its own economy, but will also significantly improve the economic climate for domestic and foreign copyright industries throughout Eastern and Central Europe."

In February 2000, IIPA noted in its annual Special 301 report that Ukraine had, in the past two years, surpassed every other country in Central and Eastern Europe as the largest producer and exporter of illegal optical media discs. At that time, IIPA requested that US Trade Representative Charlene Barshefsky designate Ukraine as a Priority Foreign Country (PFC) under Special 301 provisions. In her April announcement Ambassador Barshefsky agreed to postpone a decision until August 2000 pending further direct consultations with the government of Ukraine. In the IIPA report in February, losses to the music industry alone were estimated at \$210 million for the past year. That is why, in the IIPA petition, Ukraine was urged to take immediate steps to stop this illegal production and export into other countries in compliance with its international obligations, including a Bilateral Trade Agreement with the United States. In addition to the Special 301 filing, in June 1999, IIPA also asked the U.S. government to suspend trade preferences for Ukraine under the General System of Preferences (GSP) program, until resolution of this problem.

With at least five known plants, Ukraine had the capability of producing over 70 million unauthorized CDs last year. This week, as part of this historic agreement, Ukraine suspended production at the five plants. IIPA praises the Ukraine government for its action. In addition, IIPA congratulates the team of U.S. government officials, especially Ambassador Barshefsky and her staff, who worked long and hard with their Ukrainian counterparts to close these plants and to engage the Ukrainian government in this joint action plan.

About the IIPA and the Impact of the U.S. copyright industries in the U.S. economy

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 works protected by copyright laws throughout the world — all types of computer software including business software and entertainment software (such as videogame CD's and cartridges, personal computer CD's and multimedia products); motion pictures, television programs and home videocassettes; music, records, CD's, 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 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 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.

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