# INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE



1747 PENNSYLVANIA AVENUE, NW · SUITE 825 · WASHINGTON, DC · 20006-4637 · Tel (202) 833-4198 · Fax (202) 872-0546 · www.ipa.com · Email: info@iipa.com

May 21, 2003

Secretary International Trade Commission 500 E Street SW Washington, DC 20436

Re: <u>ATPA:</u> Andean Trade Preferences Act: Effect on the U.S. Economy and on Andean Drug Crop Eradication, 68 Fed. Reg. 14697 (March 26, 2003)

To the Commissioners:

The International Intellectual Property Alliance (IIPA) takes this opportunity to respond to the ITC's request for comments on the effect of the Andean Trade Preference Act (ATPA on the U.S. economy and on Andean drug crop eradication.

## **About the IIPA**

The International Intellectual Property Alliance (IIPA) is a private sector coalition formed in 1984 to represent the U.S. copyright-based industries in bilateral and multilateral efforts to improve international protection of copyrighted materials. In sum, IIPA believes that the four ATPDEA beneficiary countries have failed to comply fully with their ATPDEA obligations to provide "adequate and effective protection" to U.S. copyright owners, as required under this program's eligibility criteria.

### Actual or Probable Effect of the ATPA on the U.S. Economy

Section 206(c) of the ATPA requires that the ITC report include discussion of the actual effect and/or probable effect that the ATPA will have on the U.S. economy generally and on the domestic industries affected by the Act.

<sup>&</sup>lt;sup>1</sup> IIPA is comprised of six trade associations (listed below), each representing a significant segment of the U.S. copyright community. These member associations represent over 1,100 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 CD-ROMs and multimedia products); theatrical films, television programs, home videos and digital representations of audiovisual works; music, records, CDs, and audiocassettes; and textbooks, tradebooks, reference and professional publications and journals (in both electronic and print media).













IIPA cannot point to specific attributes connecting the strength of the U.S. copyright-based industries here in the U.S. to the actual implementation of the ATPA. At the same time, we cannot say definitively that there has not been some positive economic impact created by the ATPA.

We can, however, confidently conclude that comprehensive, modern copyright laws, combined with effective enforcement of those laws, are the twin pillars necessary for copyright industries – both U.S. and local industries – to flourish. Increasingly, many copyright sectors look to grow their markets overseas. As a result, the IPR standards found in the ATPA as amended can provide a good foundation for these four countries to improve both their copyright laws and enforcement mechanisms to protect both their domestic rightholders as well as foreign rightholders.

The U.S. copyright industries already were major contributors to the U.S. economy before the adoption of the ATPA. In the United States, the domestic copyright industries constitute one of the most vibrant sectors of our economy. In April 2002, the IIPA released an economic report entitled <u>Copyright Industries in the U.S. Economy: The 2002 Report</u>, the ninth such study written by Stephen Siwek of Economists Inc. This report details the economic impact and contributions of U.S. copyright industries to U.S. Gross Domestic Product, employment, and trade. The latest data show:

- In 2001, the U.S. copyright industries accounted for 5.24 percent of U.S. Gross Domestic Product (GDP), or \$535.1 billion an increase of over \$75 billion from 1999 and exceeding 5 percent of the economy and one-half trillion dollars for the first time.
- Over 24 years (1977-2001), the U.S. copyright industries' share of the GDP grew more than twice as fast as the remainder of the U.S. economy (7 percent vs. 3 percent).
- Between 1977 and 2001, employment in the U.S. copyright industries more than doubled to 4.7 million workers, which is now 3.5 percent of total U.S. employment.
- The U.S. copyright industries' average annual employment grew more than three times as fast as the remainder of the U.S. economy (5 percent vs. 1.5 percent).
- In 2001, the U.S. copyright industries achieved estimated foreign sales and exports of \$88.97 billion, again leading all major industry sectors, including: chemicals and allied products, motor vehicles, equipment and parts, aircraft and aircraft parts, and the agricultural sector.

IIPA's report reflects almost yearly increases regarding the contribution of the "core" copyright industries to the U.S. GDP.<sup>2</sup>

# **Economic Costs of Copyright Piracy in the Andean Region**

Strong and comprehensive copyright protection and enforcement are the key ingredients to robust economic growth and development. Copyright gives creators the basic property rights that enable them to authorize and control the copying, distribution, performance and display of the works they create. Exercising these exclusive rights themselves, or licensing someone else to exercise them, is the main way that creators earn a living and generate revenue. That revenue is

<sup>&</sup>lt;sup>2</sup> IIPA's <u>Copyright Industries in the U.S. Economy: The 2002 Report</u> can be accessed in its entirely at the IIPA website at http://www.iipa.com/copyright us economy.html.

needed to underwrite the hefty investments related to producing and distributing motion pictures; developing, testing and maintaining computer software; scouting, recording, and promoting musical talent; and all the other activities that are indispensable to bringing creative products to the public. Inadequate laws and ineffective anti-piracy enforcement adversely affects employment, job creation and revenues, both in the United States as well as abroad.

U.S. companies suffered estimated trades losses due to piracy in these four ATPA countries exceeding \$263 million in 2002 alone.<sup>3</sup> With many of these companies increasingly relying on foreign licensing and sales revenues, piracy combined with inadequate enforcement, has become a major impediment to this continued revenue growth and has become the major market access barrier for the copyright industries. The challenges faced by the copyright industries and national governments to enforce copyright laws grow exponentially as the forms of piracy shift from hard-goods and toward digital media and unauthorized electronic transmissions. Over the last two years, unauthorized "burning" of CDs has grown rapidly in Latin America, thus challenging the ability of legitimate businesses engaged in the creation and distribution of copyright materials – recordings, computer software, videogames, books, and to a lesser extent, DVDs – to compete against these pirated products. Inadequate and ineffective copyright enforcement has failed to stem this problem and continues to result in significant trade distortions in the Andean region. Criminal and civil justice systems must work in a transparent and expeditious manner and apply deterrent penalties and remedies.

# ESTIMATED TRADE LOSSES DUE TO COPYRIGHT PIRACY (in millions of U.S. dollars) and LEVELS OF PIRACY (2002) in the ATPDEA BENEFICIARY COUNTRIES

	<b>Motion Pictures</b>		Records & Music		Business Software Applications <sup>4</sup>		Videogame Software		Books	
COUNTRY	Loss	Piracy Level	Loss	Piracy Level	Loss	Piracy Level	Loss	Piracy Level	Loss	TOTAL LOSSES
Bolivia	NA	NA	15.0	85%	6.0	74%	NA	NA	5.5	26.5
Colombia	40.0	90%	56.3	65%	16.2	50%	NA	NA	5.3	117.8
Ecuador	NA	NA	18.0	90%	5.5	59%	NA	NA	2.3	25.8
Peru	4.0	50%	70.2	98%	10.3	58%	NA	NA	8.5	93.0
TOTAL	44.0		159.5		38.0		NA		21.6	263.1

The following summary provides an overview of the kinds of piracy found in the Andean region, with specific recent examples provided.

<sup>&</sup>lt;sup>3</sup> Attached as appendices to this letter are the reports on all four of these ATPA countries, which appeared in the IIPA's February 2003 Special 301 submission to USTR. Each country report contains detailed discussions on piracy, enforcement as well as the status of copyright and related law reform measures. Each report also include lists of specific actions that that government could take to address the identified issues/problems.

<sup>&</sup>lt;sup>4</sup> BSA's estimated piracy losses and levels for 2002 are preliminary, and will be finalized in mid-2003. BSA's trade loss estimates reported here represent losses due to piracy which affect only U.S. computer software publishers in this country, and differ from BSA's trade loss numbers released separately in its annual global piracy study which reflects losses to (a) all software publishers in this country (including U.S. publishers) and (b) losses to local distributors and retailers in this country.

- Piracy of sound recordings and music remains very high in the Andean region. These four Andean countries each have piracy levels over 60% (see above chart), meaning that most of the copies of recorded music in these markets are piratical. While audiocassette piracy has been the preferred business of pirates for years, the levels of music CD piracy have been rising rapidly. A June 2002 report on music piracy by the International Federation of Phonographic Industries (IFPI) noted increases in commercial CD-R piracy (production and/or distribution) in Latin America during 2001.<sup>5</sup>
  - o In Peru, the once-thriving legitimate record industry has almost entirely vanished, with piracy levels now at 98%, devastating the legitimate market. A special antipiracy task force, which performs some raids, is limited to act in only one section of Lima. The rest of the city and country is essentially open ground for piracy. Despite many requests to rectify this situation, the Peruvian government has refused to implement a nation-wide anti-piracy campaign.
  - O The recorded music market in <u>Colombia</u> has also suffered from lack of an effective national anti-piracy campaign. The market decreased 24% in units just in 2002 and has dropped by 62.7% over the five years since 1998. The local industry has created an anti-piracy task unit to work with local authorities in performing investigations and bringing charges against identified pirates but these efforts have been diluted by a lack of political will to perform in-depth investigations by the police and aversion by judges to apply deterrent-level sanctions.
  - o <u>Bolivia</u> and <u>Ecuador</u> have shown a total lack of concern for musical piracy. Neither country performs investigations or raids nor do they have any anti-piracy programs.
- e Business software piracy appears in various formats, including counterfeiting, illegal reproduction and/or distribution by resellers, mail order houses, bulletin boards, other internet-based distribution and corporate end-user piracy. The greatest threat is when a corporate or institutional entity copies software onto the hard disks of many more computers than the number authorized. Such end-user piracy occurs in government, academia, and business enterprises throughout the Andean region. To address this problem, governments must lead the way in promoting legal software use within their ministries and offices. The Business Software Alliance (BSA) reports that software piracy is on the rise around the globe growing from 37 percent in 2000 to 40 percent in 2001.<sup>6</sup> In a 2003 study commissioned by BSA, an estimated 10-point drop in the level of business software piracy throughout Latin American could result in 25,000 new jobs, US\$6.4 billion in additional economic growth, and more than US\$600 million in new tax revenues in the region.<sup>7</sup>
  - Bolivia: The 74% piracy rate in Bolivia is one of the highest piracy rates for business software anywhere in Latin America; it far exceeds the 25% piracy level in the United States (which has one of the lowest levels in the world). Also in Bolivia, the

<sup>&</sup>lt;sup>5</sup> IFPI Music Piracy Report 2002, available at http://www.ifpi.org/site-content/library/piracy2002.pdf.

<sup>&</sup>lt;sup>6</sup> Business Software Alliance, Seventh Annual BSA Global Software Piracy Study, 2002, available at http://www.bsa.org/resources/2002-06-10.130.pdf

<sup>&</sup>lt;sup>7</sup> IDC Economic Impact Study, commissioned by the Business Software Alliance, available at http://www.bsa.org/idcstudy/pdfs/Latin America.pdf.

lack of civil *ex parte* search measures remains a serious problem to effective software enforcement. In all of its civil cases, BSA has had to adhere to Bolivian procedures, which include notifying the defendants at least 24 hours prior to the inspection. In many cases the only evidence found by the BSA were traces of software that was previously installed but deleted a few hours before the inspection. Piracy levels within the government remain extremely high despite efforts by BSA member companies to legalize various agencies.

- <u>Ecuador</u>: Ecuador's 1999 Education Law contains a poorly drafted provision that would appear to grant free software license to educational institutions. The industry has objected to this provision (Article 78 in that law) for years as it violates Ecuador's obligations under the Berne Convention as well as TRIPS.
- O Peru: Although Peru is to be commended for enacting a government software legalization decree in early 2003, protection of intellectual property rights by Peruvian government entities often continues to be inadequate and ineffective. In 2002, for the first time ever, the tax authority, SUNAT, participated in several criminal copyright infringement cases, finding that tax evasion had occurred. Despite this breakthrough, SUNAT has since been reluctant to take further action. Enforcement in Peru would be improved with the continued involvement of SUNAT in anti-piracy actions. SUNAT's participation, particularly in ensuring that end user organizations are properly licensed, would contribute to adequate and effective enforcement.
- Video piracy remains a consistent problem in the Andean region, ranging from 50% in Peru to over 90% in Ecuador, Colombia and Bolivia. Ineffective enforcement is the principal cause.
  - O Peru: In Peru, the administrative fine issued when pirate videotapes are seized is approximately US\$2 per tape, which is the street price for a pirate videotape. This inadequate fine is simply not a deterrent to piratical activity.
  - Ocolombia: Unauthorized reception and retransmission of U.S. domestic satellite signals is a key concern of the U.S. motion picture industry. This problem is particularly acute in Colombia because that country is within the footprint of U.S. satellites. Cable system operators, hotels, resorts, bars and homeowners have erected satellite dishes to intercept, without authorization from the copyright owner, programming intended for reception only within the U.S. This signal theft/copyright infringement harms the theatrical exhibition of motion pictures in these markets and slows the development of a legitimate home video market as well.
- The major forms of piracy afflicting the U.S. book publishing industry in the region are commercial photocopying piracy. Photocopying shops near universities often fill requests for illegal reproductions of entire textbooks.
- The U.S. videogame industry suffers from inadequate enforcement by governmental and judicial authorities in the Andean region. Piracy and counterfeiting affects all platforms for playing videogames, including cartridges, personal computer CD-ROMs, and game consoles.

# **Copyright Law Reform in the ATPA Countries**

Copyright protection accomplishes a wide variety of public goals: it rewards creators; it develops local economies; it creates local jobs and income; it promotes foreign investment; it generates tax revenues; it establishes a structure for commercial practices; and it supports integration with the world trading system. Copyright gives creators the basic property rights that enable them to authorize and control the copying, distribution, performance and display of the works they create. Exercising these exclusive rights themselves, or licensing someone else to exercise them, is the main way that creators earn a living and generate revenue.

Many of the Andean countries engaged in copyright law reform efforts during the 1990s. But most of the laws are inadequate; further revisions will be needed to fully incorporate the WIPO Treaties as well as provisions likely to be included in the FTAA IPR Chapter – both incorporated in the criteria for eligibility in the ATPDEA statute. In particular, the copyright law in Bolivia falls far short of these eligibility criteria and of that country's current bilateral and multilateral copyright obligations in numerous respects. Bolivia is long overdue to reform its inadequate copyright law and fix serious deficiencies in its enforcement regime. Ecuador passed an Education Law in 1999, which includes a poorly drafted, TRIPS-incompatible provision that purports to grant free software licenses to institutions of higher education. We recently learned that legislation was approved in <u>Peru</u> in mid-April 2003 poses a grave threat to the recording industry. Reportedly this Law of the Artist, Interpreter and Performer (2003) imposes new and burdensome employment/labor obligations on record producers and performers, and creates an objectionable private copying levy. It also makes a derogation against all provisions of copyright law which it may conflict, thus creating legal uncertainties; we understand that the head of the Copyright Office at INDECOPI issued opinions opposing this law, but these were unfortunately ignored by the Peruvian Congress.

### Copyright Law and Enforcement Standards in the ATPA, as Amended

For years, IIPA and its members have reported on the piracy and enforcement difficulties in all of these Andean countries as well as on their legal reform efforts.

<u>IIPA concerns with not holding these countries to their ATPA obligations</u>: The IIPA recently filed comments with the Office of the U.S. Trade Representative on our views regarding the ATPA-eligible countries' compliance (or lack thereof) with the intellectual property rights (IPR) obligations under the ATPA, as amended.<sup>8</sup>

Before the ATPDEA benefits were ever extended to these four countries, IIPA submitted its comments to the Trade Policy Staff Committee (TPSC), highlighting its view that Bolivia, Colombia, Ecuador and Peru all failed to provide the level of adequate and effective protection

<sup>&</sup>lt;sup>8</sup> See International Intellectual Property Alliance (IIPA), Public Comments Regarding the Andean Trade Promotion and Drug Eradication Act Beneficiary Countries, March 26, 2003, available at http://www.iipa.com/rbi/2003 Mar26 ATPDEA.pdf.

for U.S. copyright owners that are required under the eligibility standards in the ATPDEA. There, IIPA indicated that it would be appropriate to deny eligibility status to each of these countries. Nonetheless, IIPA recognized at that time that the TPSC may feel that U.S. interests would be best served by extending present benefits, and we recommended that such benefits be conditioned on a clear and tangible commitment by beneficiary states to modify their practices so that they conform to the requirements of the statute. IIPA proposed that the U.S. government should obtain from these potential beneficiary countries written commitments on the specific actions they intend to take to meet the IPR standards of the ATPDEA, on how that country is addressing its copyright law and enforcement obligations before designation is officially conferred. IIPA understands that these countries did not meet the commitments on copyright-related issues they made in bilateral discussions and exchanges. We remain very concerned that these non-statutory commitments also have not been fully met.

Recent U.S. publications/actions on IPR issues in the Andean countries: Recently, USTR's First Report to the U.S. Congress on the amended Andean Trade Preference Act (ATPA) includes brief overviews of each ATPA country's IPR situation. In addition, on May 1, 2003, USTR decided to place these four countries on the Special 301 "Watch List" and indicated that out-of-cycle reviews of their respective progress on IPR issues will take place in the Fall 2003.

Summary of the copyright provisions in the ATPA, as amended: The ATPDEA provides clear and definitive criteria relating to the protection for intellectual property. To summarize, the enhanced trade benefits under the ATPDEA are available to countries that the President designates as "ATPDEA beneficiary countries." The criteria that the President had to consider in designating countries as ATPDEA beneficiary countries included the criteria already existing under the ATPA, as well as the new criteria added by the ATPDEA.

The ATPA<sup>12</sup> contained provisions for the protection of intellectual property rights similar to those in the Caribbean Basin Initiative<sup>13</sup> and the Generalized System of Preferences.<sup>14</sup> The ATPA had two mandatory IPR criteria and two discretionary IPR criteria. Section 3202(c)(5) states that the President shall not designate a country as an ATPA beneficiary country

if a government-owned entity in such country engages in the broadcast of copyrighted material, including films or television material, belonging to the United States copyright owners without their express consent <u>or</u> such country fails to work toward the provision of adequate and effective protection of intellectual property rights.

<sup>&</sup>lt;sup>9</sup> See International Intellectual Property Alliance (IIPA), Public Comments Regarding the Designation of Eligible Countries as Andean Trade Promotion and Drug Eradication Act Beneficiary Countries, September 16, 2003, available at http://www.iipa.com/rbi/2002 Sep16 ATPDEA.pdf.

<sup>&</sup>lt;sup>10</sup> Office of the U.S. Trade Representative, First Report to the Congress on the Operation of the Andean Trade Preference Act As Amended, April 30, 2003, available at http://www.ustr.gov/reports/2003atpa.pdf.

<sup>&</sup>lt;sup>11</sup> Office of the U.S. Trade Representative, 2003 Special 301 Report, May 1, 2003, available at http://www.ustr.gov/reports/2003/special301.htm.

<sup>&</sup>lt;sup>12</sup> Andean Trade Preferences Act of 1990, Pub. L. No. 102-182 (codified at 19 U.S.C. § 3201 et seq.). Bolivia and Colombia became eligible to receive ATPA preferential duty treatment on July 2, 1992, Ecuador on April 13, 1993, and Peru on August 11, 1993.

The Caribbean Basin Economic Recovery Act, Pub. L. No. 98-67, Section 212 (codified at 19 U.S.C. § 2701 et seq.) (CBERA or the Caribbean Basin Initiative or CBI).

<sup>&</sup>lt;sup>14</sup> <u>See</u> the Generalized System of Preferences Renewal Act of 1984, Pub. L. No. 98-573, as amended (codified at 19 U.S.C. § 2462(c)).

19 U.S.C. § 3202(c)(5) (emphasis added). In addition, in determining whether to designate a country as a beneficiary country, the President shall take into account the following two discretionary IPR criteria in Section 3202(d)<sup>15</sup>:

the extent to which such country provides under its law adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive rights in intellectual property, including patent, trademark and copyright rights;

the extent to which such country prohibits its nationals from engaging in the broadcast of copyrighted material, including films or television materials, belonging to United States copyright owners without their express consent; ...

The ATPDEA IPR-related provisions are found in the revised Section 203(b)(6)(B). The President, in considering his designation of ATPDEA beneficiary countries shall take into account the following provisions in addition to the criteria in the pre-existing ATPA (cited above). For ATPDEA eligibility purposes, the President shall take into account:

- (i) Whether the beneficiary country has demonstrated a commitment to –
   (I) undertake its obligations under the WTO, including those agreements listed in section 101(d) of the Uruguay Round Agreements Act, on or ahead of schedule, and; (II) participate in negotiations toward the completion of the FTAA or another free trade agreement;
- (ii) The extent to which the country provides protection of intellectual property rights consistent with or greater than the protection afforded under the Agreement on Trade-Related Aspects of Intellectual Property Rights described in section 101(d)(15) of the Uruguay Round Agreements Act.

On October 31, 2002, President Bush issued Presidential Proclamation 7616 designating Bolivia, Colombia, Ecuador and Peru as ATPDEA beneficiary countries. <sup>17</sup> In addition, USTR recently proposed an interim rule that September 15, 2003 be the deadline for filing a petition to review a country's eligibility under the ATPA, as amended by the ATPDEA. <sup>18</sup>

<u>IIPA observations on the IPR criteria in the ATPA, as amended:</u> IIPA makes several observations about these standards. First, the WTO TRIPS Agreement is widely recognized as containing the minimum standards of IPR protection. With respect to copyright, <sup>19</sup> the TRIPS

<sup>16</sup> Andean Trade Promotion and Drug Eradication Act, Title XXXI of the Trade Act of 2002, Pub. L. No. 107-210 (2002).

<sup>17</sup> The text of the Presidential Proclamation is posted on the White House website at http://www.whitehouse.gov/news/releases/2002/10/20021031-9.html.

<sup>&</sup>lt;sup>15</sup> See 19 U.S.C. §§ 3202(d)(9) and 3202(d)(10).

<sup>&</sup>lt;sup>18</sup> See Office of the United States Trade Representative, Establishment of a Petition Process to Review Eligibility of Countries for the Benefits of the Andean Trade Preference Act, as Amended by the Andean Trade Promotion and Drug Eradication Act, 68 Fed. Reg. 5542 (February 4, 2003).

<sup>&</sup>lt;sup>19</sup> All references to "copyright" herein are meant to include subject matter protected under neighboring rights' regime, which is often the case in many countries in Latin America.

Agreement incorporates the level of copyright protection found in the Berne Convention (1971 Paris text), adds explicit protection for computer programs as literary works, adds a rental right, and also affords protection for performers and producers of sound recordings. Perhaps most important, TRIPS also adds an entire new set of obligatory standards of enforcement, including measures on civil remedies, administrative measures, border measures and criminal penalties. In addition to obligating WTO members to have these enforcement measures in statutory law, TRIPS also requires that they be implemented in-practice in such a manner as to actually deter further infringements.

Second, the ATPDEA-eligible countries must provide protection "consistent with or greater" than the levels found in the WTO TRIPS Agreement. One of the copyright industries' most critical substantive challenges is to ensure that levels of protection available in any country extend to the important changes made by digital, networked environments. The Internet fundamentally transforms copyright piracy from a mostly local phenomenon to a potentially global plague. In order for protection to be "adequate and effective," modern copyright laws must respond to this fundamental change by providing that creators have the basic property right to control the reproduction, distribution and transmission of their creations, whether those works are in analog or digital form and whether they are distributed as permanent copies or via transmission over electronic networks like the Internet.

It is no longer sufficient, therefore, in the Internet and digital world, that countries merely meet their obligations under TRIPS. The new means by which protected works can be reproduced digitally and globally transmitted electronically without authorization has given rise to the negotiation of the two new "Internet" treaties under the auspices of the World Intellectual Property Organization (WIPO). The WIPO Copyright Treaty (WCT) entered into force on March 6, 2002, and the WIPO Performances and Phonograms Treaty (WPPT) entered into force on May 20, 2002 and together they provide the legal infrastructure for this new digital and Internet environment. Because the standards of protection to be afforded by ATPDEA beneficiaries must incorporate these modern standards of protection and enforcement, including those contained in the WCT and WPPT, the U.S. government has been working at all levels to encourage countries to sign, ratify and implement both WIPO Treaties. Of the ATPDEA beneficiary countries, Colombia, Ecuador and Peru are members of the WCT and the WPPT; Bolivia is not. All countries must implement these new obligations and IIPA again strongly recommends that the U.S. government strongly urge Bolivia to make a specific commitment to ratify these two WIPO treaties and implement their obligations.

Third, the U.S. government, supported by the U.S. copyright industry, is seeking specific obligations (both substantive and enforcement-related) in the IPR chapter of the Free Trade Area of the Americas. IIPA and its members are on-the-record with respect to these measures we believe should be included in the FTAA IPR Chapter.<sup>22</sup> All four of the Andean countries are participating in the FTAA negotiations.

<sup>&</sup>lt;sup>20</sup> This new standard in the ATPDEA tracks those found in the CBTPA.

<sup>&</sup>lt;sup>21</sup> Office of the U.S. Trade Representative, 2003 Special 301 Report, May 1, 2003, page 5, available at http://www.ustr.gov/reports/2003/execsummary.pdf.

<sup>&</sup>lt;sup>22</sup> <u>See</u> IIPA, Public Comments on the Second Draft Consolidated Text of the Free Trade Area of the Americas (FTAA) Agreement, February 27, 2003, available at http://www.iipa.com/rbi/2003\_Feb27\_FTAA.pdf.

Finally, copyright law reform, while critical to meeting the ATPA and ATPDEA standards, is not sufficient in and of itself. IIPA believes that one of the most immediate problems in this region is the failure of all four Andean countries to adequately and effectively <u>enforce</u> even their <u>current</u> copyright laws. The key point is that laws, even good laws, which are not effectively enforced on-the-ground do not satisfy the IPR criteria in the ATPDEA, the ATPA, other U.S. trade programs nor the TRIPS Agreement or WIPO "Internet" Treaties.

### **CONCLUSION**

IIPA appreciates the opportunity to convey to the ITC our views on the current situation, both in terms of substantive copyright legislation and piracy/enforcement, in the four ATPA countries of Bolivia, Colombia, Ecuador and Peru. We believe that the IPR criteria of the ATPDEA (and all U.S. trade programs, for that matter) should be applied to ensure that these countries substantially improve both their copyright laws as well as enforcement practices.

Thank you for your consideration.

Sincerely,

Maria Strong

Maie Stry

Vice President and General Counsel International Intellectual Property Alliance

Attached: Country excerpts from IIPA's February 2003 Special 301 submission to USTR:

- Bolivia at http://www.iipa.com/rbc/2003/2003SPEC301BOLIVIA.pdf
- Colombia at http://www.iipa.com/rbc/2003/2003SPEC301COLOMBIA.pdf
- Ecuador at http://www.iipa.com/rbc/2003/2003SPEC301ECUADOR.pdf
- Peru at http://www.iipa.com/rbc/2003/2003SPEC301PERU.pdf