



For Immediate Release
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CHINA COMMITS TO SIGNIFICANTLY REDUCE COPYRIGHT PIRACY LEVELS

The People's Republic of China today committed to take actions to substantially reduce the levels of copyright piracy in China. The announcement came at the conclusion of the U.S.-China Joint Commission on Commerce and Trade (JCCT), headed by Chinese Vice Premier Wu Yi on the Chinese side, and U.S. Secretary of Commerce Donald Evans, U.S. Agriculture Secretary Ann Veneman, and U.S. Trade Representative Robert Zoellick.

Eric H. Smith, President of the International Intellectual Property Alliance which represents the U.S. copyright industries, said, "Piracy rates in China are 90% or above for all copyright industries. IIPA is gratified that the Administration has vigorously pursued improved protection against piracy in China, which causes massive losses to U.S. copyright industries each year, and commends the Chinese government for its commitment to provide resources and tools to substantially reduce piracy. In 2003, U.S. copyright industries suffered an estimated \$2.6 billion in losses due to piracy in China. The announcement today sends the right message to those engaged in this widespread illegal conduct in China and IIPA is hopeful that these commitments will be followed up by significant actions in the Chinese market."

The U.S. Government also reported that China has committed to lower criminal thresholds that will enable police, prosecutors, and judges to take criminal actions against copyright piracy on a commercial scale. Because there have been few criminal prosecutions for copyright piracy in China to date, it has been IIPA's highest priority to secure a significant increase in the number of criminal prosecutions so that enforcement actions will have the deterrent effect required by the WTO/TRIPS agreement. IIPA and its members will carefully monitor whether this commitment will be met in practice. China has also agreed to ensure that criminal penalties will attach to a number of additional infringing acts. These additions will bring China's criminal law regime closer to meeting its WTO/TRIPS obligations to have comprehensive criminal remedies for copyright piracy. China has reportedly also agreed (a) specifically to criminalize online infringements, whether or not done for an express profit motive, and (b) to clarify that the level of the threshold will not be determined by the pirate price of infringing goods, as in the past. In a key omission, China made no commitment with respect to providing that the unauthorized use of business software in corporate or similar environments must, under TRIPS, be a criminal offense, nor committed to take enforcement actions against such piracy administratively. Given the massive losses suffered by the business software industry, this omission is indefensible.

China has further agreed to join the all-important WIPO “Internet” treaties as soon as possible. In another important development, China reportedly agreed to meet its existing WTO deadlines to provide greater market access for some copyrighted products including full trading rights and commitments with regard to distribution of these copyrighted materials. IIPA notes, however, that in order to be successful not only in reducing piracy rates but also to expand legitimate commerce, China should take new and definitive actions to further open the Chinese market to legal copyrighted products to meet the demand which is now met by pirated product. Finally, compliance with the commitments made today by the Chinese Government will be monitored by a newly formed joint working group which will meet periodically to assess progress.

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The 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. IIPA’s six member associations represent over 1,300 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).