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FOR IMMEDIATE RELEASE
April 26, 2023

IIPA Welcomes USTR Attention on Major Copyright Markets in the 2023 Special 301 Report

2023 Special 301 Report Highlights Market Access and Enforcement Challenges for U.S. Creative Industries in 29 Overseas Markets

Washington — The International Intellectual Property Alliance® (IIPA®) congratulates the Office of the United States Trade Representative (USTR) on the release today of the **2023 Special 301 Report**. This congressionally mandated annual report importantly identifies obstacles to expanding legitimate global commerce in creative works. IIPA thanks Ambassador Katherine Tai, the USTR team, and their interagency colleagues for their hard work and their continued dedication to open foreign markets to American creative content and, in so doing, supporting U.S. creators and workers.

This year's Report once again takes up key priorities of the U.S. creative industries by calling on our trading partners to eliminate barriers that impede the ability of lawful services to compete, especially in online and mobile marketplaces. IIPA welcomes the Report's discussion of online and broadcast piracy, including stream ripping and illicit IPTV services; collective management problems that impede right holders from receiving compensation for their works; and the need to improve IP enforcement overall.

The Report also notes the importance of freedom of contract for the transfers of exclusive rights, which allows copyright owners "to freely and separately transfer their economic rights by contract and to fully enjoy the benefits derived from those rights," a critical factor for the healthy growth of a dynamic digital marketplace. Limitations on the freedom to contract are significant concerns for the creative industries, and IIPA appreciates that the Report highlights that two pending bills in South Africa include problematic provisions that would undermine the freedom to contract in that country.

Principally, the Special 301 Report identifies overseas markets where trade barriers, including inadequate copyright protection and enforcement and other market access restrictions, should be addressed. Progress on elimination of these barriers will not only support U.S. creators but will also help our trading partners to develop their domestic creative industries and nurture their own creators. Successfully opening markets requires strong copyright laws; effective and efficient copyright enforcement; sound legal structures for copyright licensing; and the removal of market access barriers. The Report, and in particular the U.S. government's regular engagement with the governments of our trading partners in conducting the annual Special 301 review, remains a key trade policy tool for advancing these priorities, and America's copyright industries appreciate USTR's commitment to preserving this tool's integrity and effectiveness.

As the digital marketplace grows, so do the opportunities—but also the challenges—for the American creative community. IIPA members greatly welcome the U.S. government's work on these concerns over the year and welcome continued engagement in the coming year. 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 continue to make concrete progress toward stronger and more open copyright marketplaces.

On January 30, IIPA made a detailed submission to USTR with its recommendations for the 2023 Special 301 Report. IIPA's full submission can be found at <https://www.iipa.org/reports/special-301-reports/>.

In today's announcement:

- USTR lists 7 countries on the Priority Watch List, including key copyright markets like Argentina, Chile, China, India, Indonesia, and Russian Federation;
- USTR lists 22 countries on the Watch List, including key markets for creators like Brazil, Canada, Colombia, Mexico, Thailand, and Vietnam.
- USTR announced an Out-of-Cycle Review of Bulgaria.

USTR added Belarus to the Watch List this year in recognition of recent legislation that legalizes the unlicensed use of copyrighted works if the right holder or collective management organization (CMO) is from a government list of foreign states "committing unfriendly actions."

The 2023 Special 301 Report lists the following countries:

USTR 2023 Special 301 Decisions		
Priority Watch List	Watch List	Out-of-Cycle Review
Argentina Chile China India Indonesia Russian Federation Venezuela	Algeria Barbados Belarus Bolivia Brazil Bulgaria Canada Colombia Dominican Republic Ecuador Egypt Guatemala Mexico Pakistan Paraguay Peru Thailand Trinidad & Tobago Turkey Turkmenistan Uzbekistan Vietnam	Bulgaria

About the IIPA: IIPA is a private sector coalition, formed in 1984, of trade associations representing U.S. copyright-based industries working to improve copyright protection and enforcement abroad and to open foreign markets closed by piracy and other market access barriers. 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 (www.motionpictures.org), and Recording Industry Association of America (www.riaa.com). Collectively, IIPA's five member associations represent over 3,200 U.S. companies producing and distributing copyrightable content. The materials produced and distributed by IIPA member companies include entertainment software (including interactive video games for consoles, handheld

devices, personal computers and the Internet) and educational software; motion pictures, television programming, DVDs and home video and digital representations of audiovisual works; music recorded in all formats (from digital files to CDs and vinyl) for streaming and other online services, as well as broadcasting, public performance and synchronization in audiovisual materials; and fiction and non-fiction books, educational, instructional and assessment materials, and professional and scholarly journals, databases and software in all formats.

In December 2022, IIPA released the latest update of its comprehensive economic report, Copyright Industries in the U.S. Economy: The 2022 Report, prepared by Secretariat Economists. (2022 Report). According to the 2022 Report, the “core” copyright industries in the United States generated over \$1.8 trillion of economic output in 2021, accounting for 7.76% of the entire economy, and employed approximately 9.6 million workers in 2021, accounting for 4.88% of the entire U.S. workforce and 5.53% of total private employment in the U.S. The jobs created by these industries are well-paying jobs; for example, copyright industry workers earn on average 51% higher wages than other U.S. workers. The report also broke new ground by measuring the copyright industries’ significant contributions to the U.S. digital economy, as that concept was defined by the federal government. In 2021, the core copyright industries accounted for 52.26% of the U.S. digital economy and 48.1% of U.S. digital economy employment, even though the government’s digital economy definition does not encompass the full range of the copyright industries’ digital activities. In addition, according to the 2022 Report, the core copyright industries outpaced the U.S. economy, growing at an aggregate annual rate of 6.15% between 2018 and 2021, while the U.S. economy grew by 1.76%. When factoring in other industries that contribute to the copyright economy (which together comprise what the 2022 Report calls the “total” copyright industries), the numbers are even more compelling. Additionally, the 2022 Report highlights the positive contribution of selected copyright sectors to the U.S. overall trade balance. Given the importance of digital delivery to the copyright-based industries, this sector has the potential to multiply its export revenues if our trading partners provide strong copyright-protective environments. In 2021, these sectors contributed \$230.3 billion in foreign sales and exports, exceeding that of many other industry sectors, including chemicals, agricultural products, aerospace products and parts, pharmaceutical and medicines, and food and kindred products. The full economic report is available at <https://iipa.org/reports/copyrightindustries-us-economy/>.