



International Chamber of Commerce

*The world business organization*

An ICC initiative

**BASCAP**

Business Action to Stop  
Counterfeiting and Piracy

## **IP rights in Latin America**

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*30 March 2011, Bogota, Colombia*

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### **Introductions**

- I wish to express my appreciation to our host Juan Carlos Monroy – Director of the National Copyright Office
- The International Chamber of Commerce is proud to be a partner for this event in Colombia.

### **About ICC**

- ICC is the "World Business Organization"
  - We have hundreds of thousands of member companies large and small – in over 120 countries.
  - From trade and investment and sustainable development to international arbitration and customs reform, ICC works collectively to tackle critical economic and social challenges – marshalling resources, shaping legislation, and promoting sound international trade and investment rules.
- Most recently world business and our global economy have been under attack on many fronts from a broad range of challenges.
  - Inadequate banking regulation, the threat of currency wars, egregious mistakes by financial institutions, budget deficits....
  - But, one of the most serious challenges to the global economy has received little attention in this crisis environment.
  - I am, of course, referring to the damages caused by the illegal activities of counterfeiting and piracy.
- ICC launched BASCAP – or Business Action to Stop Counterfeiting and Piracy – in recognition of the serious problems being created by this illegal trade in fake goods.

- BASCAP's efforts are focused on improving the enforcement of IP rights at local, national and international levels with the goal of curbing IP theft, counterfeiting and piracy.
- Another important element of BASCAP's work is to increase the awareness of the value of Intellectual Property to governments, business and the economy, and consumers.

## **IP protection is still not a priority**

- The global problem of counterfeiting and piracy continues to generate massive economic and employment dislocations – at a time when governments are most hard-pressed to maintain economic stability and generate jobs.
  - BASCAP today will introduce a new report that presents a staggering conclusion:
  - The global trade in counterfeit and pirated goods is resulting in more than US\$1 trillion in annual losses to global economies, governments and consumers. This illegal business is putting more than 2 million jobs at risk.
- We face the tough reality that despite more visibility, more programs and more cooperation among various stakeholders, the problem continues to escalate.
- The business community is outspoken that counterfeiting and piracy are *not good for business*.
- Perhaps even more important, however, is the need for governments to recognize that counterfeiting and piracy are *not good for governments... Not good for society and not good for development*.
- Unfortunately, many governments have not heard this message – or they have chosen not to act.
  - In its simplest form, counterfeiting and piracy are driven by high profits and low risk – both can be remedied with sound legal structures, and aggressive and strict enforcement.
  - Policy makers must make IP enforcement a priority...
  - Robust protection of IP rights – and the ability of governments and the private sector to enforce those rights effectively – is even more critical in today's challenging economic environment.

- IP drives innovation, foreign investment, business development – and generates jobs...all essential to driving sustained economic recovery.
- We recognize government alone cannot fix this problem.
- Business and ICC clearly have a significant role to play – ICC is doing all it can to combat counterfeiting and piracy.
- Business leaders from our member companies will participate on many panels – presenting our views on:
  - piracy on the internet,
  - the importance of cracking down on free trade zones,
  - creative solutions for financing enforcement efforts,
  - working closer with intermediaries,

### **Building respect for IP**

- Finally, I'd like to talk about one more BASCAP initiative that directly addresses an important theme: *"Building Respect for Intellectual Property"*.
- At ICC, we strongly support the need to build more respect for IP:
  - We believe that a critical element in the fight against counterfeiting and piracy is to do a better job communicating "what intellectual property really means" and "why it's so valuable" –
  - to our national and global economies, to our businesses, to consumers, and to support the innovations and cultural works we all want and need.
- Greater recognition of the enormous value of IP will create greater respect for IP – in this generation and the next – and this will go a long way toward stopping the theft of IP through counterfeiting and piracy.
- It is for these very reasons that BASCAP has produced a major, new report on *"Intellectual Property: Powerhouse of Innovation and Economic Growth"*.
- It is my privilege to introduce that new report – and to share some of the little known facts about IP.

- First: As we all know, IP makes significant contributions to our economy – in terms of GDP, employment and tax revenues. The report finds that:
  - In the G8 countries, copyright and related industries alone account for as much as 11% of GDP and 8% of all employment.
  - Many developing countries have similarly strong copyright sectors – in the Mercosur countries [Argentina, Brazil, Paraguay and Uruguay], 6% of GDP and 4% of employment on average are generated by the copyright-related sectors.
  - And, IP rights attract inward Foreign Direct Investment [FDI].
    - According to the OECD, the strength of a country's patent and trademark protection correlate directly to its FDI. Countries whose patent rights are strengthened by a mere 1% receive 2.8% more FDI on average.
    - Strengthening copyright and trademark protection typically brings 6.8% more FDI.
- Second: IP promotes innovation.
  - For example, patents have a positive impact on R&D spending in most industries. In some sectors like pharmaceuticals, corporate investment in R&D would decline by 25-35% without patent protection.
  - In simplest terms, firms whose IP is not protected do not have much incentive to engage in R&D and other innovative activity.
  - Notably, innovations protected by IP generate more value than those that are not. For example, patents on average double the value of an invention.
- Third: IP protection helps firms monetize their innovations, secure investment, grow market value, and develop new markets.
  - For example, start-up companies that secure patents at an early stage are much more likely to get venture capital funding – perhaps reducing time to the first Venture Capital investment by 76%.
  - Companies that rely on trademarks have a 10 to 30% higher market value than those that do not.
- Fourth: IP protection helps small and medium enterprises (SMEs).

- Interestingly, for their small size, SMEs are more likely to apply for patents, trademarks and designs than their large-firm competitors.
  - SMEs that rely on IP of all sorts reported higher growth, income and employment than those that do not – in some cases as much as 20% more.
- Fifth and finally, IP protection benefits consumers and society.
  - IP rights help provide consumers with innovative products and services in virtually every area of life.
  - IP rights also are helping deliver innovative solutions to address many of society's most important needs, from clean energy and reduced carbon emissions to health care.
    - And, effective enforcement of IP rights helps protect consumers...ensuring they get safe, quality products – and manufacturers who stand behind them, instead of inferior and dangerous counterfeits.
- We believe that getting the word out on these facts is an important part of building respect for IP – and critical in the fight against IP theft.

## Closing

- Governments all over the world are looking for ways to improve their economies, create jobs and build capabilities in technology, information and culture.
- Private-sector companies are also looking for competitive ways to succeed – through innovation and production of valuable products and services that benefit our way of life.
- Intellectual property protection – and its effective enforcement – are critical to achieve these important goals.
- Therefore, I wish to close with these two thoughts:
  - Government efforts to stabilize the economy and stimulate economic growth, trade and employment must take account of and build on the critical role that intellectual property (IP) protection plays in driving, innovation, development and jobs.
  - And, government efforts to strengthen IP enforcement regimes should therefore not be considered costs, but rather investments that pay tangible dividends to economic development and society.

Thank you.

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