



International Chamber of Commerce

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BASCAP

Business Action to Stop
Counterfeiting and Piracy

International Chamber of Commerce Urges G8/G20 Action on Counterfeiting and Piracy
€800 billion annual global economic cost requires urgent response

TORONTO (June 22, 2010) – The International Chamber of Commerce (ICC), the voice of world business, today called on leaders at the G8 and G20 summits to act decisively against counterfeiting and piracy.

Intellectual property (IP) theft is a huge and growing global challenge that costs legitimate businesses worldwide €700 billion in lost sales annually, according to new research by the ICC. It urged immediate and sustained government measures to bring counterfeiting and piracy under control.

Another recent report by UK-based Frontier Economics found that the economic cost of IP theft extends well beyond lost business sales. According to Frontier's study, counterfeiting and piracy cost G20 governments more than €100 billion a year in lost tax revenues and place 2.5 million legitimate jobs at risk.

"IP theft has become a serious economic and criminal problem, and it is getting worse every year," said Jean Rozwadowski, Secretary General, International Chamber of Commerce. "It is urgent that the G8 and G20 leaders not only commit to action on counterfeiting and piracy at this year's summit, but also ensure the issue is on future summit agendas."

According to ICC research, counterfeiting and piracy also impede innovation, international trade and business investment while concern over weak IP rights enforcement causes G20 economies to lose foreign direct investment. Furthermore, consumers waste money on poor-quality counterfeits that are unregulated and sometimes hazardous. This causes increased government spending on both health care and – because of widespread criminal involvement in the counterfeit trade – crime prevention.

On the flip side, the research found that stronger IP protection helps drive innovation and economic development and would recover billions in taxes lost to IP theft.

Another recent study, by Paris-based Tera Consultants, found that the growth of unauthorised file sharing, downloading and streaming of copyrighted works and recorded performances is a major threat to both revenues and employment in Europe's creative industries. The study, "Building a Digital Economy: The Importance of Saving Jobs in the EU's Creative Industries," predicts digital piracy will cost Europe up to 1.2 million jobs and €240 billion in retail sales by 2015.

"Better IP protection must be a key part of any G8/G20 response to weak economies, high unemployment and ballooning deficits," Rozwadowski said. "Now is the time to increase, not decrease, the resources targeting piracy and the illegal trade in counterfeits."

Measures urged by the ICC and many national Chambers of Commerce include: confiscating the proceeds of counterfeiting-related crime; cracking down on counterfeiting in free trade zones; stopping the cross-border trade in fakes; investing resources in more effective enforcement; building the judicial system's capacity to handle piracy issues; curbing illegal sales of fakes over the Internet; and introducing more effective measures against digital piracy. The ICC stressed that government efforts to strengthen

IP enforcement regimes should not be considered costs, but rather investments that pay tangible economic and social dividends.

Communiqués at recent G8 summits have acknowledged the growing need for stronger IP protection. Recently, some countries have made progress, including the summit host, Canada, which this month introduced copyright reform legislation.

“Past G8 commitments have failed to produce concerted action on this issue,” said Jeffrey Hardy, Coordinator, Business Action to Stop Counterfeiting and Piracy, an arm of the International Chamber of Commerce. “This year, we are looking for the G8 and G20 to signal that measures against IP theft are a priority, not only in their countries, but for the many other nations that look to them for leadership.”

Further information, including the research reports noted above, can be found on ICC’s website at www.iccwbo.org/bascap.

About the International Chamber of Commerce

International Chamber of Commerce (ICC) is the voice of world business, championing the global economy as a force for economic growth, job creation and prosperity. For more information, visit www.iccwbo.org.

About BASCAP

The drain on businesses and the global economy from counterfeit goods and piracy is of great concern to ICC member companies worldwide. Business Action to Stop Counterfeiting and Piracy (BASCAP) is an ICC initiative that unites the global business community across all product sectors to address issues associated with intellectual property (IP) theft and to petition for greater commitments by local, national and international officials in the enforcement and protection of IP rights. For more information, visit www.iccwbo.org/bascap.

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About the G20 Study

A recent study conducted by Frontier Economics, *"The Impact of Counterfeiting on G20 Governments and Consumers"*, explores the negative impact of counterfeiting and piracy on governments, taxpayers and consumers. Counterfeiting and piracy are estimated to cost G20 governments and consumers over €100 billion every year. The G20 economies lose approximately €62 billion in tax revenues and higher welfare spending, €20 billion in increased costs of crime, €14.5 billion in the economic cost of deaths resulting from counterfeiting and another €100 million for the additional cost of health services to treat injuries caused by dangerous fake products. Finally, a number of G20 economies may be missing out on higher foreign direct investment as a result of concerns over IPR enforcement. That lost investment could give rise to additional tax losses of more than €5 billion across the G20. It should be noted that these estimates are for the G20 countries, and only address a portion of economic damages governments and consumers may experience. Counterfeiting also has a big impact on employment across the G20 economies. The analysis suggests that approximately 2.5 million jobs have been destroyed by counterfeiting and piracy. It should also be noted that these estimates do not include secondary impacts on employment that may well be experienced by suppliers, retailers and other sectors in the supply chain. For more information and to download the study, please visit:

<http://www.iccwbo.org/bascap/index.html?id=30506>

About the Digital Piracy Study

The production and distribution of works by creative industries, including movies, music, television programmes and software, has been recognised as having a positive effect on economic growth and the creation of jobs. Unfortunately, over the last decade digital piracy (copyright infringement of digital media) has increasingly threatened the economic performance of the industries responsible for these creative works. A new study conducted by Tera Consultants, *"Building a Digital Economy: The Importance of Saving Jobs in the EU's Creative Industries"*, evaluated the contribution of the creative industries to the European economy and estimated the risks to GDP and jobs resulting from digital piracy. The report found: (1) in 2008 Europe's creative industries, contributed 6.9%, or approximately €860 billion, to total European GDP, and represented 6.5% of the total workforce, or approximately 14 million workers; (2) in 2008 Europe's creative industries most impacted by piracy (film, TV series, recorded music and software) experienced retail revenue losses of €10 billion and losses of more than 185,000 jobs due to piracy; and (3) based on current projections and assuming no significant policy changes, Europe's creative industries could expect to see cumulative retail revenue losses of as much as €240 billion by 2015, resulting in 1.2 million jobs lost by 2015. For more information and to download the study, please visit: <http://www.iccwbo.org/bascap/index.html?id=35360>