

# International Consequences of Piracy and the IPR Growth Cycle



Seminar Taxation and Practice of Piracy in Brazil  
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# Organization for Cooperation and Economic Development (OECD)

- **The Economic Impacts of Counterfeiting and Piracy (2008 Study):**
  - **Worldwide trade estimated at \$200 billion (USD)**
  - **Approximately 2% of world trade (import/export)**
  - **Does not include products produced and**

# Gross Domestic Product (GDP)

<i>Rank</i>	<i>Country</i>	<i>USD Million</i>
34	Venezuela	228,071
35	Portugal	220,241
36	Malaysia	180,714
37	Colombia	171,979
38	Czech Republic	168,142
39	Romania	165,980
40	Nigeria	165,690
41	Chile	163,915
42	Israel	161,822



# Impacted Socio-Economic Areas

- **Crime**
- **Employment**
- **Environment**
- **Public Health and Safety**
- **Innovation**
- **Foreign Direct Investment**
- **Trade**



# Impacted Socio-Economic Areas

- **Innovation**

- **“Counterfeiting and piracy, to the extent that they undermine the efforts of innovators, can have an important adverse effect on the R&D intensity of a country and its growth.”**

*(OECD Report 2008)*

- **Decrease in Enforcement = Decreased Economic Growth in Tech. Transfer**

*(Branstetter, Fisman & Foley (2005))*



# Impacted Socio-Economic Areas

- **Foreign Direct Investment**
  - **Germany, Japan and the US - Higher foreign direct investment from these economies was positively correlated with lower rates of piracy and counterfeiting.**  
*(OECD Report 2008)*
  - **Weak IPR = Less Foreign Investment**  
*(Lee & Mansfield, Review of Economics and Statistics (1996))*



# Impacted Socio-Economic Areas

- **Trade**
  - “[S]tronger intellectual property rights have a significantly positive effect on total trade.”  
*(Ed. Fink & Maskus, World Bank Report (2005))*



# Purpose of Piracy Prevention

**“The prevention of piracy and the fight against unauthorized exploitation of protected works is an essential condition for creativity, cultural industries and sustainable development.”**

*- Director-General of UNESCO*





# Purpose of Intellectual Property

## *Role of IPR?*

- Intellectual property is not an end to itself.
- Improved economic development through innovation.
- Becomes a vehicle to delivery resources to public.

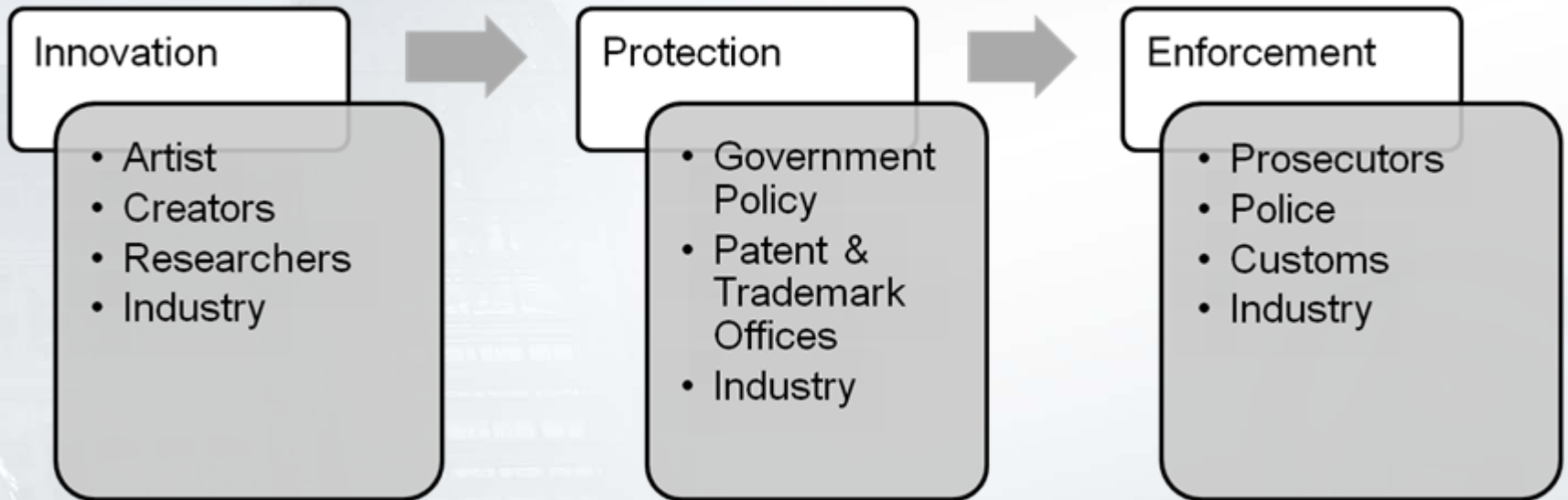


# IPR Economic Growth Cycle





# Who is involved in IPR Cycle





# Encouraging the IPR Cycle

- **Role of Enforcement Officials:**
  - Uphold IP investments in local economy
- **Role of Industry:**
  - Innovate, employ and invest
- **Role of Government:**
  - Create laws and policies to encourage innovation and prevent piracy



**THANK YOU**