

International Consequences of Piracy and the IPR Growth Cycle



Seminar Taxation and Practice of Piracy in Brazil
May 27, 2009, Brasilia - DF



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.

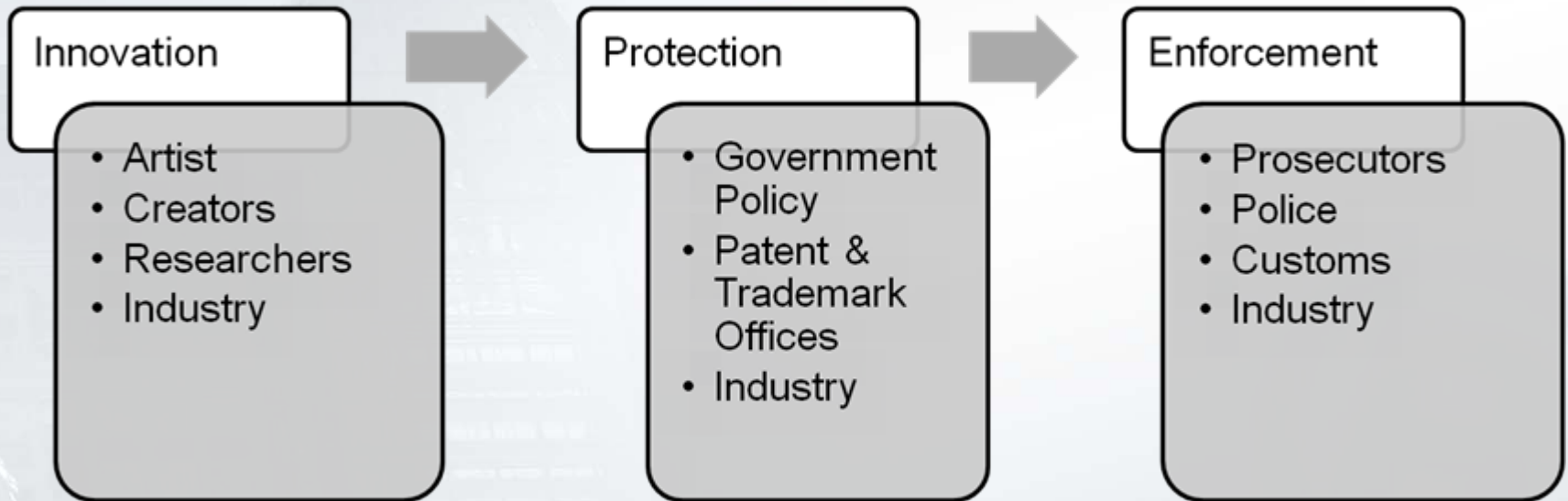


IPR Economic Growth Cycle





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