

Piracy in China



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May 1, 2007

What People Have to Say:

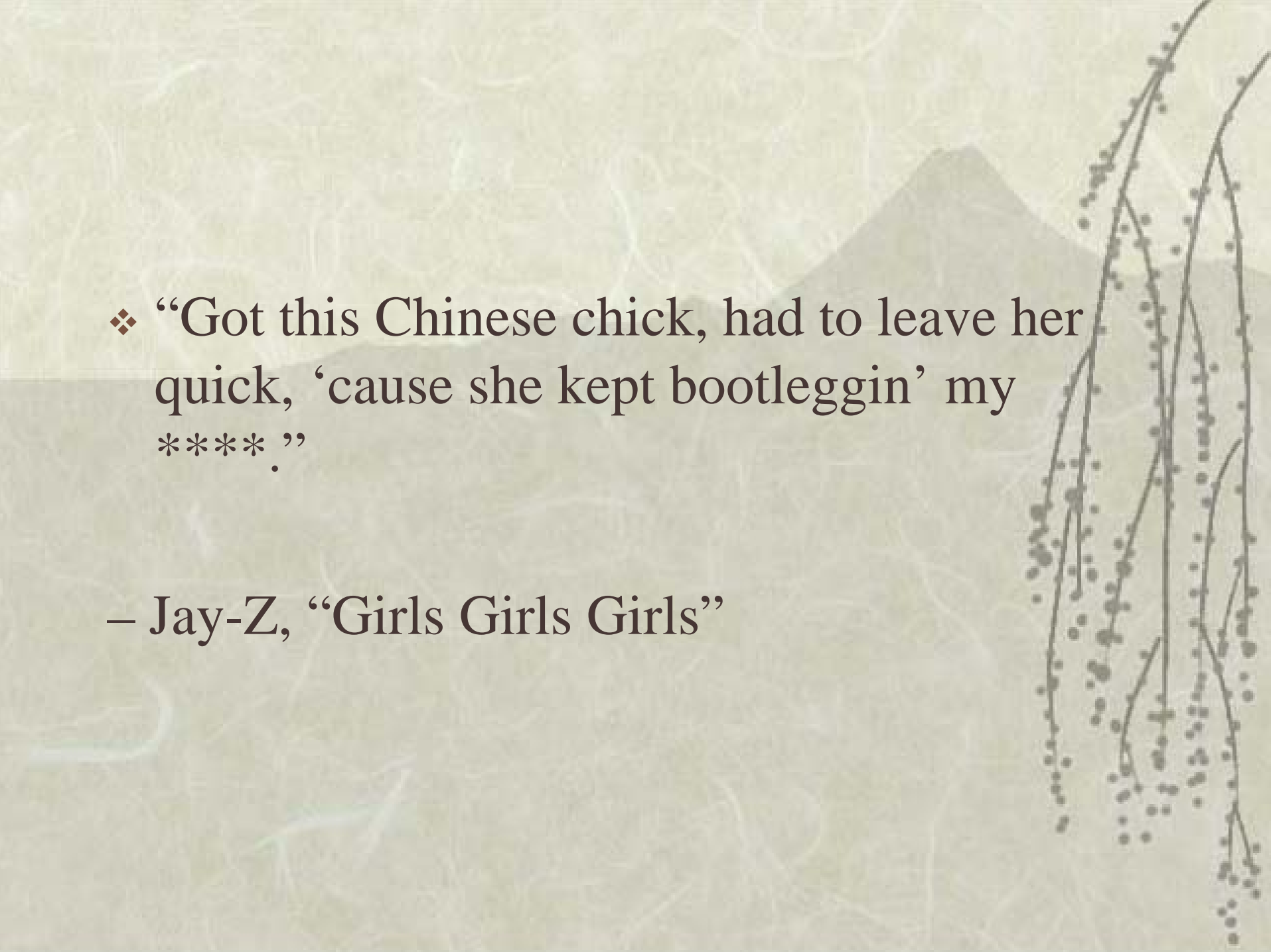
❖ Enforcement of piracy laws “is an urgent need for... enhancing [China’s] core competitiveness.”

– Hu Jintao, President of China

The background features a soft, muted illustration of a mountain range in the distance and a willow tree with drooping branches on the right side. The overall color palette is a mix of light beige, cream, and pale green, creating a textured, paper-like appearance.

❖ “When it comes to ripping off our American sound recordings, China is one of worst.”

– Gary Burr, songwriter and speaking on behalf of the Recording Industry Association of America

The background features a light beige, textured surface. On the right side, there are dark, stylized willow branches with small, round buds. In the center, a dark, triangular mountain peak is visible against the light background.

❖ “Got this Chinese chick, had to leave her quick, ‘cause she kept bootleggin’ my ****.”

– Jay-Z, “Girls Girls Girls”

How Widespread?

❖ Markets that piracy effects in China:

- Music
- Movies
- Software
- Designer Clothing
- Alcohol
- Cigarettes

What Are the Numbers?

In China:

- Unlicensed DVD movies sell for as little as \$.50 by street vendors and other illegal distributors
- A report by Business Software Alliance, a U.S.-based industry group, said 86% of software used in China was pirated (2006)
- More than 9 out of 10 DVDs sold in China are a fake or stolen product
- A study by the MPAA's Asia-Pacific office said criminal revenue from the theft of intellectual property reached \$512 billion in 2004, dwarfing the \$324 billion in narcotics trade

What Are the Numbers?

Global:

- U.S. officials say China's exports costs legitimate producers worldwide up to \$50 billion a year in lost potential sales
- Movie piracy in China is costing the major film studios nearly \$300 million a year (2005)

Consequences:

- Loss of revenue for both Chinese and foreign companies
- Growing distrust in Chinese and international business dealings
- Straining of diplomatic relations between China and other countries
- Industry growth may be limited
 - China's the world's 2nd largest PC maker but the market for software is small due to piracy

Responses to Piracy:

- The Chinese government ordered PC makers to only sell computers with legitimate operating systems already installed (2006)
- Film studios are timing the release of their movies in China with the release of legitimate copies of DVDs of the same movies
- 6 U.S. film studios successfully sued a Beijing based company for selling pirated movies, won \$25,000 (April, 2007)
- A string of other similar lawsuits
- Repeated protests by U.S. government officials
- Public service campaigns

Results:

- China's output of pirated goods is still rising despite repeated and steady crackdowns
- May 2006 report by the American Chamber of Commerce:
 - 43 percent of 76 surveyed U.S. companies said they saw an increase in the amount of counterfeiting of their products
 - 55 percent said the amount of piracy of their products stayed the same
 - 7 percent said the amount of piracy of their products decreased

Concluding Thoughts

- ❖ Globalization and Globalism
- ❖ The nature of intellectual property
- ❖ A changing economic system