Piracy in China

Presented by Tong Wu
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What People Have to Say:

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

– Hu Jintao, President of China
“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
“Got this Chinese chick, had to leave her quick, ‘cause she kept bootleggin’ my ****.”

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 studies 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 studies 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:
  o 43 percent of 76 surveyed U.S. companies said they saw an increase in the amount of counterfeiting of their products
  o 55 percent said the amount of piracy of their products stayed the same
  o 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