

The Congressional International Anti-Piracy Caucus

Senator Gordon H. Smith, Co-Chair
Senator Joseph R. Biden, Jr., Co-Chair



Congressman Bob Goodlatte, Co-Chair
Congressman Adam B. Schiff, Co-Chair

May 18, 2005

GLOBAL SOFTWARE PIRACY STUDY RELEASED TODAY

Dear Colleague,

As co-chairs of the Congressional International Anti-Piracy Caucus, we would like to bring to your attention the results of an annual study of global trends in software piracy conducted by the Business Software Alliance. As the study suggests, the problem of global piracy of copyrighted materials is worthy of our attention and concern. As the world's largest producer and exporter of copyrighted materials, the United States must be especially vigilant in its stand against this growing trend.

The results of this study revealed that nearly 35% of all software installed on computers worldwide in 2004 was not legitimately purchased. This percentage, known as the global software piracy rate, accounted for a loss of potential revenue in excess of \$30 billion in 2004 alone.

According to the study, Vietnam had the highest software piracy rate for the second year in a row at 92%. Vietnam was followed closely by Ukraine (91%), China (90%), Zimbabwe (90%), Indonesia (87%), and Russia (87%). The five countries with the lowest software piracy rates are the United States (21%), New Zealand (23%), Austria (25%), Sweden (26%), and the UK (27%).

Highlights from the study include:

- For every two dollars' worth of legitimately purchased software, one dollar worth was obtained illegally.
- In Venezuela, piracy rose seven percentage points over the previous year to 79%. Although personal computer shipments doubled in 2004, software revenues grew by less than 10%.
- India, whose IT exports are more than triple the size of its domestic IT market, still has a piracy rate of 74%—despite the strength of its world-class software development skills and government efforts to quell piracy. This is a major inhibitor to the growth of the local packaged software industry.
- Ireland, ranked 21st among the low piracy rate countries last year, is now ranked 19th. Continual efforts at education and enforcement have paid off—Ireland's status as a major distribution point for legitimate software shipped into Europe puts additional pressure on businesses to lower piracy.
- North America's software piracy rate was 22%. Losses totaled more than \$7.5 billion.

A large sector of the U.S. economy is dedicated to the production and sale of copyrighted material. Unfortunately, this sector of our economy is at great risk due to the unauthorized reproduction and distribution of software and other copyrighted works around the world. In many countries, due to a rise in piracy and a lack of adequate copyright protection, the legitimate market for American copyrighted works has been virtually eliminated.

As members of the House and Senate with a strong interest in protecting American intellectual property and reducing the crime of piracy abroad, we applaud the completion of this insightful study on global software piracy. We look forward to working with our international trade partners to secure the enactment and enforcement of strong copyright laws.

For a complete copy of the global software piracy study, go to www.bsa.org/globalstudy.

Respectfully,

Handwritten signature of Senator Gordon H. Smith in black ink.

Senator Gordon H. Smith

Handwritten signature of Congressman Bob Goodlatte in black ink.

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