

Copyright Industries in the U.S. Economy: The 1999 Report

Executive Summary

The U.S. copyright industries contribute a significant share to the U.S. economy, measured by value added, and reflected in their share of GDP.

THIS 1999 STUDY by Economists Incorporated for the International Intellectual Property Alliance (IIPA) demonstrates, for the eighth straight year, that the U.S. copyright industries continue to be one of the fastest growing segments of the U.S. economy. It details the importance of

the copyright industries to the U.S. economy based on three economic indicators: 1) value added to gross domestic product (GDP); 2) share of national employment; and 3) revenues generated from foreign sales and exports.

This study updates six prior reports and extends the earlier analyses to include 1997 data for copyright industry value added and employment measures as well as 1997 foreign sales for the core copyright industries.

Contribution to the U.S. Economy

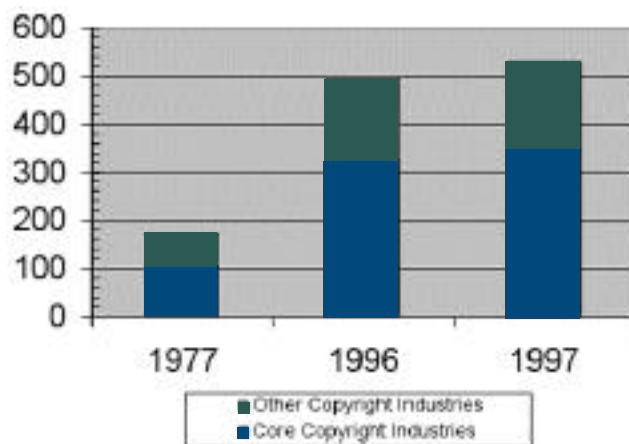
The U.S. copyright industries contribute a significant share to the U.S. economy, measured by value added, and reflected in their share of GDP. These industries also continue to grow at a rate higher than the U.S. economy as a whole.

In 1997, the core copyright industries¹ contributed an estimated \$348.4 billion to the U.S. economy, accounting for approximately 4.30% of GDP (Chart 2). This 1997 contribution represents an increase of 7.2% from 1996 when these industries accounted for \$324.9 billion in value added (in real 1997 dollars)(Chart 1). Between 1977 and 1997, the

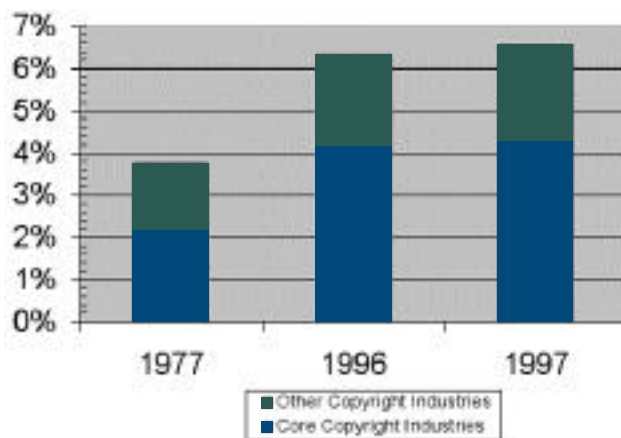
absolute growth rate of value added to GDP by the core copyright industries was 241%.

In 1997, the total copyright industries² contributed an estimated \$529.3 billion to the U.S. economy, accounting for approximately 6.53% of GDP (Chart 1). This 1997 value represented an increase of 7.2% from 1996 when these industries accounted for \$493.8 billion in value added (in real 1997 dollars), or approximately 6.32% of GDP (Chart 2). The absolute growth rate of value added to GDP by the core copyright industries between 1977 and 1997 was 205%.

**Chart 1 - Copyright Industries:
Value Added to GDP**
(billions of 1997 dollars)



**Chart 2 - Copyright Industries:
Value Added to GDP as Share of GDP**



1 The "core" copyright industries encompass those industries that create copyrighted works as their primary product. These industries include the motion picture industry (television, theatrical, and home video), the recording industry (records, tapes and CDs), the music publishing industry, the book, journal and newspaper publishing industry, and the computer software industry (including data processing, business applications and interactive entertainment software on all platforms), legitimate theater, advertising, and the radio, television and cable broadcasting industries.

2 The "total" copyright industries encompass the "core" industries and portions of many other industries which either create, distribute, or depend upon copyrighted works. Examples include retail trade (a portion of which is sales of video, audio, software, and books, for example), the doll and toy industry, and computer manufacturing.

The real annual growth rate of the core copyright industries (adjusted for inflation) has been more than double the growth rate of the economy as a whole. Over the last 20 years (1977-1997), the core copyright industries grew at an estimated compound annual growth rate of 6.3% while the rest of the U.S. economy grew at an annual rate of 2.7%.

Estimated Average Annual Real Growth Rate

	1977-97	1987-97	1991-97
Core Copyright Industries	6.3	5.8	7.0
Remainder of U.S. Economy	2.7	2.8	3.4

Employment

The copyright industries have created jobs at a much faster rate than many leading sectors of the economy. Moreover, more U.S. workers are employed in the copyright industries than in many leading industries such as aircraft manufacturing, motor vehicle manufacturing, steel mills, pharmaceuticals, textiles and apparel.

Employment in the core copyright industries grew from 1.6% (1.5 million workers) of the U.S. workforce in 1977 to 2.9% (3.8 million workers) in 1997 (Chart 3). Total copyright employment grew from 3.3% (3 million workers) of the U.S. workforce in 1977 to 5.3% (6.9 million workers) in 1997 (Chart 4).

Chart 3 - Copyright Industries: Employment
(in millions)

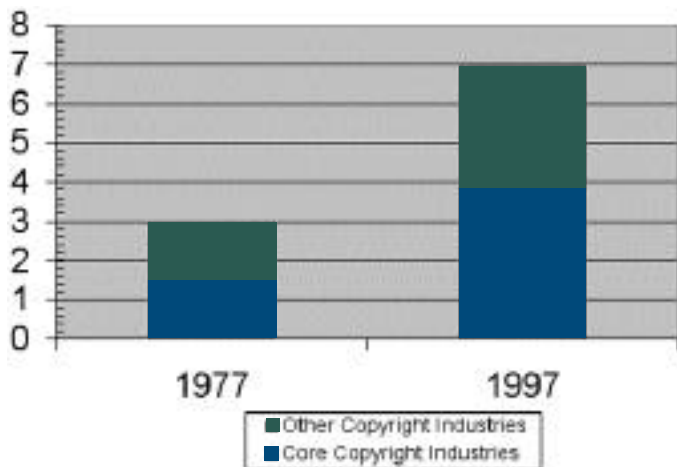
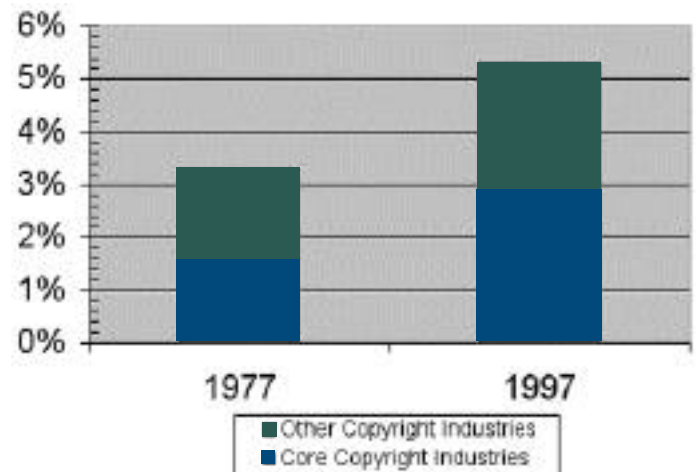


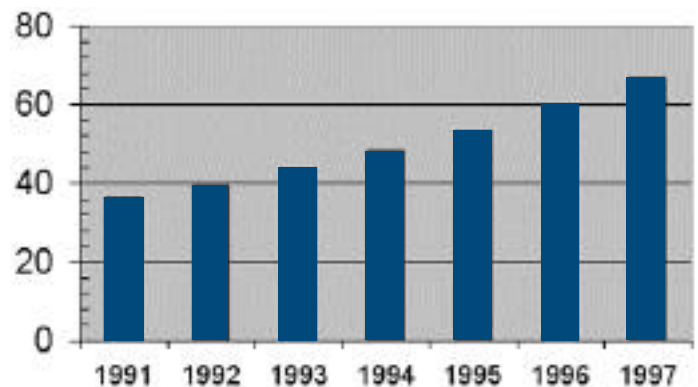
Chart 4 - Copyright Industries Employment: Share of National Employment



Foreign Sales and Exports

Foreign sales and exports of the core copyright industries continue to grow rapidly. Preliminary estimates conservatively measure foreign sales and exports of the core copyright industries to be at least \$66.85 billion in 1997 (Chart 5). This represents a 11.1% gain over the 1996 figure of \$60.18 billion.

Chart 5 - Copyright Industries: Foreign Sales and Exports
(in billions of dollars)



The copyright industries' foreign sales/exports are larger than the U.S. Commerce Department International Trade Administration's estimates of the exports of almost all other leading industry sectors. For 1997, they exceed even the combined automobile and automobile parts industries, as well as the agricultural sector (Chart 6).

Annual Growth Rate of Copyright Industry Foreign Sales and Exports

	1991	1992	1993	1994	1995	1996	1997
Growth Rate	6.4%	8.3%	11.7%	10.4%	9.9%	13.3%	11.1%

Chart 6 - Foreign Sales / Exports for Selected Industries in 1997
(in billions of dollars)

Industry	Foreign Sales/ Exports	Industry	Foreign Sales/ Exports
Core Copyright Industries	66.85	Surgical, Medical and Dental Instruments and Supplies	12.78
Chemicals and Allied Products	66.40	Drugs and Pharmaceuticals	10.70
Motor Vehicles and Automotive Parts and Accessories	58.34	Apparel	9.65
Agricultural Sector	57.30	Radio and TV Communications and Navigation Equipment	8.71
Electronic Components and Equipment	54.29	Lumber and Wood Products except Furniture	7.40
Aircraft and Aircraft Part Manufacturing	48.64	Telephone and Telegraph Equipment	7.33
Chemicals and Allied Products (excluding Plastics, Rubber & Drugs)	42.65	Textiles	7.23
Computers and Peripherals	41.38	Steel Mill Products	5.54
Plastics and Rubber	25.41	Photographic Equipment and Supplies	4.69
Laboratory Instruments	17.53		
Paper and Allied Products	14.70		

Sources: Core Copyright Industries: Table 9, Siwek, 1997.
 U.S. Department of Agriculture (www.usda.gov/nass/)
 International Trade Administration (www.ita.doc.gov)
 U.S. Industry & Trade Outlook '99