



Executive Summary

This 2000 study by Economists Incorporated for the International Intellectual Property Alliance (IIPA) demonstrates, for the ninth 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:

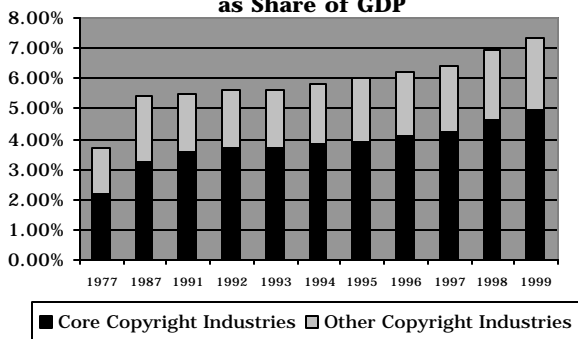
- 1) value added to gross domestic product (GDP);
- 2) share of national employment; and
- 3) revenues generated from foreign sales and exports.

This study updates seven prior reports and extends the earlier analyses to include 1998 and 1999 data for copyright industry value added, employment measures and foreign sales for the core copyright industries.

CONTRIBUTION TO THE 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.

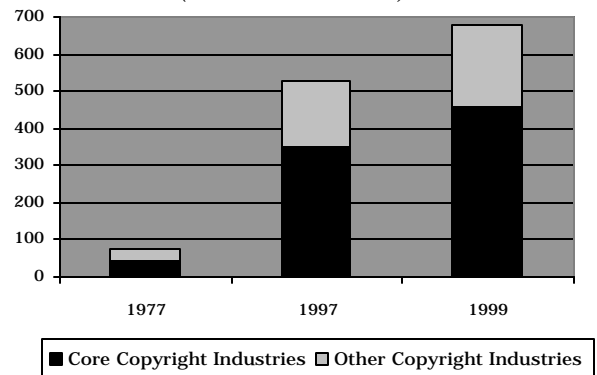
Chart 1 - Copyright Industries: Value Added to GDP as Share of GDP



In 1999, the total copyright industries contributed an estimated \$677.9 billion to the U.S. economy (Chart 2), accounting for approximately 7.33% of GDP (Chart 1). This 1999 value represented an increase of 9.9% from 1998 when these industries accounted for \$616.7 billion in value added (in real 1999 dollars), or approximately 6.94% of GDP. The value added to GDP by the total copyright industries between 1977 and 1999 increased by 303%.

In 1999, the core copyright industries¹ contributed an estimated \$457.2 billion to the U.S. economy (Chart 2), accounting for approximately 4.94% of GDP (Chart 1). This 1999 contribution represents an increase of 10.9% from 1998 when these industries accounted for \$412.3 billion in value added (in real 1999 dollars). Between 1977 and 1999, the value added to GDP by the core copyright industries increased by 360%.

Chart 2 - Copyright Industries: Value Added to GDP (billions of 1999 dollars)



¹The "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, 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.

²The "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 22 years (1977-1999), the core copyright industries grew at an estimated compound annual growth rate of 7.2% while the rest of the U.S. economy grew at an annual rate of 3.1% (Table 1).

Table 1—Estimated Average Annual Real Growth Rate

	1977-99	1987-99	1995-99
Core Copyright Industries	7.2	7.2	10.4
Remainder of the U.S. Economy	3.1	3.4	3.8

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 3.24% (4.3 million workers) in 1999. Total copyright employment grew from 3.3% (3 million workers) of the U.S. workforce in 1977 to 5.7% (7.6 million workers) in 1999.

Chart 4 - Copyright Industries Employment: Share of National Employment

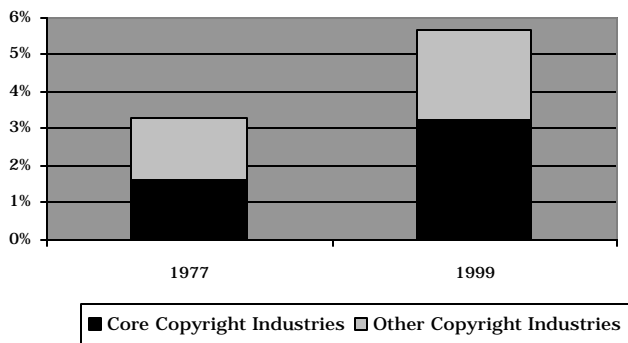
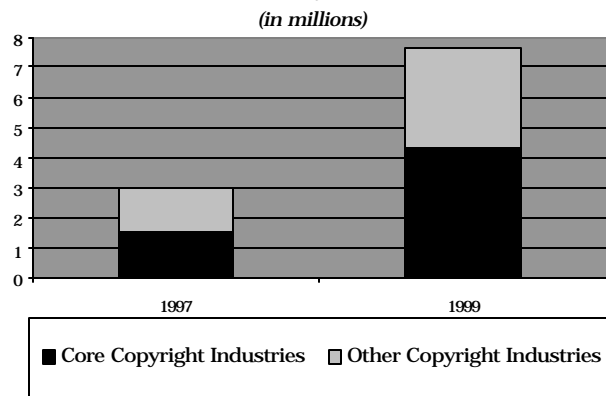
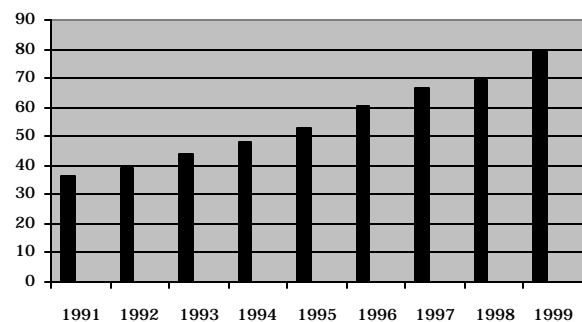


Chart 3 - Copyright Industries: Employment



The U.S. copyright industries' foreign sales/exports are larger than almost all other leading industry sectors.

Chart 5 - Foreign Sales and Exports



FOREIGN SALES AND EXPORTS

Foreign sales and exports of the core copyright industries continue to grow rapidly. Preliminary estimates conservatively measure foreign sales of the core copyright industries to be at least \$79.65 billion in 1999 (Chart 5). This represents a 15.1% gain over the 1998 sales figure of \$69.21 billion (Table 2).

Table 2—Annual Growth Rate of Copyright Industry Foreign Sales and Exports

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999
Growth Rate	6.4%	8.3%	11.7%	10.4%	9.9%	13.3%	11.1%	3.5%	15.1%

The copyright industries' foreign sales/exports are larger than the U.S. Commerce Department's International Trade Administration estimates of the exports of almost all other leading industry sectors. For 1999, they exceed even the combined automobile and automobile parts industries as well as the agricultural sector (Chart 6).

Chart 6— Foreign Sales/Exports for Selected Industries in 1999
(in billions of dollars)

INDUSTRY	FOREIGN SALES/EXPORTS
Core Copyright Industries	79.65
Chemicals and Allied Products	67.74
Electronic Components and Equipment	63.76
Aircraft and Aircraft Part Manufacturing	60.75
Motor Vehicles and Automotive Parts and Accessories	58.81
Agricultural Sector	49.10
Computers and Peripherals	48.00
Chemicals and Allied Products (excluding Plastics, Rubber and Drugs)	38.56
Plastics and Rubber	29.37
Laboratory Instruments	18.74
Radio and TV Communications and Navigation Equipment	15.97
Paper and Allied Products	14.12
Surgical, Medical and Dental Instruments and Supplies	14.05
Drugs and Pharmaceuticals	13.95
Apparel	9.04
Telephone and Telegraph Equipment	8.50
Textiles	7.72
Lumber and Wood Products except Furniture	6.36
Photographic Equipment and Supplies	5.00
Steel Mill Products	4.82
TOTAL	614.01

Sources: Core Copyright Industries: Table 9, Siwek, 1999
 U.S. Department of Agriculture (www.usda.gov/nass/)
 U.S. Industry & Trade Outlook '99
 Nick Orsini — Census — Foreign Trade Division