Copyright Industries in the U.S. Economy: The 2013 Report is the fourteenth report on the U.S. copyright industries prepared for the International Intellectual Property Alliance (IIPA) since 1990.


This latest Report updates and supplements thirteen previous reports produced by Economists Incorporated for the IIPA:

- Stephen E. Siwek and Harold Furchgott-Roth, Copyright Industries in the U.S. Economy (released in November 1990)
- Stephen E. Siwek and Harold Furchgott-Roth, Copyright Industries in the U.S. Economy: 1993 Perspective (released in October 1993)

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Stephen E. Siwek is Principal, Economists Incorporated, 2121 K Street, NW, Suite 1100, Washington, DC 20037, www.ei.com. He is co-author of International Trade in Computer Software (Quorum Books, 1993) and International Trade in Films and Television Programs (American Enterprise Institute/Ballinger Publishing Company, 1988) and has written and lectured extensively on trade in media services in the United States and Europe. Mr. Siwek has served as an economic and financial consultant to numerous communications and media corporations and trade associations. He is the principal author of thirteen prior reports on the economic contributions of the U.S. copyright industries to the U.S. economy. Mr. Siwek has also been instrumental in furthering the global efforts of the World Intellectual Property Organization (“WIPO”) to encourage other nations to measure the economic contribution of copyright-based industries in their own countries. In this regard, Mr. Siwek has been closely associated with the development of the WIPO “Guide” for the measurement of copyright industry contributions and he has directly assisted a number of foreign governments in the preparation of their own studies.

Economists Incorporated is grateful to the International Intellectual Property Alliance (IIPA) and its member associations for their support and assistance in the drafting of this Report. In particular, we would like to thank Michael Schlesinger of the IIPA for his guidance throughout this process. We would also like to thank Pamela Burchette for her assistance in preparing this Report.

The IIPA is a private sector coalition, formed in 1984, of trade associations representing U.S. copyright-based industries in bilateral and multilateral efforts working to improve international protection and enforcement of copyrighted materials, and to open up foreign markets closed by piracy and other market access barriers. IIPA’s seven member associations represent over 3,200 U.S. companies producing and distributing materials protected by copyright laws throughout the world—all types of computer software, including operating systems, systems software such as databases and security packages, business applications, and consumer applications such as games, personal finance, and reference software, free software, open source software, and software as a service, entertainment software including interactive games for videogame consoles, handheld devices, personal computers and the Internet, and educational software; motion pictures, television programming, DVDs and home video and digital representations of audiovisual works; music, records, CDs, and audiocassettes; and fiction and non-fiction books, education instructional and assessment materials, and professional and scholarly journals, databases and software in all formats. Members of the IIPA include Association of American Publishers, BSA | The Software Alliance, Entertainment Software Association, Independent Film & Television Alliance, Motion Picture Association of America, National Music Publishers’ Association, and Recording Industry Association of America.
Since 1984, IIPA and its association members, representing industries reliant on copyright – producers and distributors of software, movies, music, videogames, and books and journals for the world – have worked in partnership with the U.S. government to improve the ability of the copyright industries to do business in foreign markets. These efforts have resulted in significant improvements in copyright laws and enforcement around the world and in the lowering of market access barriers and addressing other policies that hinder these industries’ ability to compete on a level playing field in global markets. These improvements in turn have had a substantial positive impact over the years on how these industries contribute to value added to the U.S. economy; to employment and wages; and to foreign sales and exports, thereby benefiting countless millions of individuals and enterprises in the United States.

To quantify the contribution of the copyright industries, IIPA commenced a series of economic studies in 1990. Copyright Industries in the U.S. Economy: The 2013 Report, the fourteenth such report, by Stephen E. Siwek of Economists Incorporated, covers the period 2009-2012. This Report shows that the copyright industries make up an increasingly large percentage of value added to GDP; create more and better-paying jobs; grow faster than the rest of the U.S. economy; and contribute substantially to U.S. foreign sales and exports, outpacing many industry sectors. The specific findings of this year’s Report mark a milestone: for the first time, the contribution of the core copyright industries of the U.S. economy surpassed one trillion dollars in 2012.1

As international trade has increased and globalizationed, foreign governments and international IP organizations such as the World Intellectual Property Organization (WIPO) have become acutely aware of the significance of copyright industries to national economies, and the linkage to their economic growth, technological innovation, and cultural diversity. In 2003, WIPO took a critical step forward in issuing a Guide on Surveying the Economic Contribution of the Copyright-Based Industries. The Guide, developed by an experts’ group which included the author of this Report, Stephen E. Siwek, describes methodologies for measuring the role of copyright industries in domestic economies that have now been adopted in well over 40 countries’ national reports, with more in the pipeline.2 These national studies provide the economic underpinnings for efforts to reform copyright law and enforcement and to lower rates of copyright piracy.

Despite the robust achievements of the copyright industries during the period covered in this Report, significant challenges remain. As the copyright industries derive a growing percentage of their revenue from sales outside the United States, global online and physical copyright piracy, as well as market access and other stifling discriminatory barriers to doing business in various countries, inhibit the growth of the copyright industries in the U.S. and globally. Economic reports such as this one underscore what is at stake. They provide a compelling argument for more effective legal, enforcement, and market access regimes to promote and foster the growth of the copyright industries in the U.S. and in countries around the world.

– Michael Schlesinger and Steven J. Metalitz, International Intellectual Property Alliance

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1 The “core” copyright industries are those industries whose primary purpose is to create, produce, distribute or exhibit copyright materials, and include such sectors as computer software, videogames, books, newspapers, periodicals and journals, motion pictures, recorded music, and radio and television broadcasting.

I. EXECUTIVE SUMMARY

This report, Copyright Industries in the U.S. Economy: The 2013 Report, demonstrates that the core copyright industries of the United States – those industries whose primary purpose is to create, produce, distribute or exhibit copyright materials, and which include computer software, videogames, books, newspapers, periodicals and journals, motion pictures, recorded music, and radio and television broadcasting – provide significant value added to GDP; an increasing number of high-paying jobs; real growth which outpaces the rest of the economy; and substantial foreign sales and exports, surpassing many industry sectors.

Copyright Industries Contribute Significantly to U.S. Gross Domestic Product (GDP)

- In 2012, the value added by the core copyright industries to U.S. GDP exceeded $1 trillion dollars ($1,015.6 billion) for the first time, accounting for 6.48% of the U.S. economy.
- In 2012, the value added by the total copyright industries to GDP exceeded $1.7 trillion ($1,765 billion), accounting for 11.25% of the U.S. economy.

Copyright Industries Employ Millions of Workers Who Earn a “Compensation Premium”

- The core copyright industries employed nearly 5.4 million workers in 2012, accounting for 4.04% of the entire U.S. workforce, and 4.83% of total private employment in the U.S.
- The annual 2012 compensation paid to core copyright workers – $85,644 – far exceeds the average annual compensation paid to all U.S. workers – $64,594 – amounting to a 33% “compensation premium” over the average U.S. annual wage.
- The total copyright industries employed more than 11.1 million workers in 2012, accounting for 8.35% of all U.S. employment, or 10% (9.99%) of all private employment in the United States. The average annual compensation paid to employees of the total copyright industries in 2012, $75,926, exceeds the U.S. average annual wage by 18%.

Copyright Industries’ Real Growth Rates Outpace the Rest of the U.S. Economy

- During the period 2009-2012, the core copyright industries grew at an aggregate annual rate of 4.73%. The average annual growth rate of the entire U.S. economy over the same period was only 2.14%, less than half as much.
- During the same period, the total copyright industries grew at an annual rate of 4.99%.

Copyright Industries Contribute Significantly to Foreign Sales and Exports, Outperforming Many Major U.S. Industry Sectors

- Sales of select U.S. copyright sectors overseas markets amounted to $142 billion in 2012, a significant increase over previous years.
- As a comparison, the foreign sales of select copyright industry sectors exceed foreign sales of other major U.S. industries, including aerospace exports ($106 billion), U.S. agricultural exports ($70.1 billion), food ($64.7 billion) and pharmaceuticals and medicines ($50.9 billion).

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3 The “total” copyright industries include not only the core copyright but also the partial copyright, non-dedicated support, and interdependent industries. “Partial” copyright industries are industries in which only some aspect or portion of the products that they create they can quality for copyright protection. These industries range from fabric to jewelry to furniture to toys and games. “Non-dedicated support” industries include industries that distribute both copyright and non-copyright protected materials to business and consumers. Examples here include transportation services, telecommunications and wholesale and retail trade. As in past studies, only a portion of the total value added by these industries is considered to be part of the copyright industries. “Interdependent” industries include those that produce, manufacture, and sell equipment whose function is primarily to facilitate the creation, production, or use of works of copyrighted matter. These industries include manufacturers, wholesalers and retailers of TV sets, personal computers, and other devices, and usage dependent products including blank recording material, and certain categories of paper.