INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE
2008 SPECIAL 301 REPORT
PAKISTAN

Special 301 Recommendation: IIPA recommends that Pakistan remain on the Watch List.

EXECUTIVE SUMMARY

IIPA recommended in the October 2007 out-of-cycle review (OCR) process that Pakistan remain on the Watch List, due to the continued cooperation and enforcement activity of the Federal Investigation Agency (FIA) and Pakistani Customs, especially with respect to stopping factory-pressed optical disc pirate production and exports. In its recommendation, IIPA also expressed the hope that FIA would become more active against the serious ongoing problem of book piracy, and that cases against optical disc plant owners would proceed through the courts. Since that time, political uncertainty in Pakistan has tempered hopes for dramatic improvements in the short term. As the political situation hopefully normalizes over time, IIPA encourages authorities to resume the important work of seeking effective enforcement against ongoing copyright violations, including effective prosecution of copyright crimes, leading to deterrent sentences. Better copyright protection will have a positive impact on local Pakistanis and Pakistani businesses, as it is well documented that piracy negatively affects local creative industry.¹

PRIORITY ACTIONS REQUESTED IN 2008

• Undertake significant action against retail piracy throughout Pakistan, including pirate booksellers, followed by prosecutions of cases leading to deterrent penalties: Recently, the government appointed an official “Director” to head the IPR Unit at the Federal Investigation Agency (FIA) Islamabad-Pakistan. Some raids against optical disc targets (“burning” operations now that factory production has been by and large successfully eradicated in Pakistan) as well as music cassette piracy operations have commenced, and the Director General and senior colleagues of FIA have met with the publishing, sound recording and motion picture industries to begin collaborating. FIA’s responsiveness and police officers’ consistency in carrying out actions in 2008 will in large part determine whether the government can successfully combat piracy in the country. Unfortunately, some evidence of leaks within FIA in one set of raids in November 2007 shows the necessity of greater monitoring and corrective action against any irregularities in the system.

• Ensure that the National Book Foundation ceases all activity considered infringing under international norms: In mid-2007, it appeared (and IIPA noted in its out-of-cycle review submission) that the Ministry of Education’s National Book Foundation (NBF) was prepared to cease the unauthorized reproduction of books under the guise of a royalty-free compulsory license.² The overtures of NBF were accompanied by fervent lobbying of foreign publishers and their governments to grant NBF license agreements. Such voluntary licensing is made impossible given the NBF’s blatant illegal copying activities. As a start to any discussion, IIPA expects: 1) immediate cessation of all unauthorized copying of U.S. publishers’ titles; and 2) a written commitment from the NBF to use legitimate product, engage in transparent business practices, and seek amendment to or revisit its

¹ Reuters News, Pakistani Cinemas Shut Down to Protest Piracy, March 15, 2007 (documenting a strike by the local Pakistani cinema owner association to protest against the government’s failure to curb film piracy, and, e.g., noting that street piracy, cable or signal theft, and the ban on showing Bollywood films, all compound the business problems for the cinema owners; the article also notes that the number of cinemas in Pakistan has fallen from about 750 in the 1970s to about 300 by early 2007, with many having been converted into shopping malls).
² The government of Pakistan amended its copyright ordinance in 2000 to include Section 36(3) that allows a royalty-free compulsory license of books. This amendment was passed without any opportunity for publishers to comment. This royalty-free compulsory license violates the Berne Convention and TRIPS and the government of Pakistan must repeal it.
interpretation of Section 36(3) of the Copyright Ordinance (which appears to allow for a royalty-free compulsory license to reprint books).

- **Make the Intellectual Property Organization (IPO) a more meaningful and effective organization:** IIPA would like to see the IPO live up to its intended mission as a forum for dialogue and coordination between private sector representatives and government officials, and stage a comprehensive plan for tackling Pakistan's outstanding piracy issues.

- **Conclude cases against optical disc manufacturing pirates who were arrested years ago:** Court cases against the optical disc plant owners raided in 2005 are still pending, as the owners have filed a Constitutional Petition (CP) in the Pakistani High Court challenging the legislation (under which they were arrested). Decisions in these extremely important cases were expected before the end of 2007 but were not forthcoming due to the political unrest in Pakistan.

- **Take action against cable and satellite piracy:** IIPA is unaware of any actions taken against signal theft (theft of television channel broadcasts and programs therein), which causes over $110 million in losses to legitimate channels due to illegal distribution to an estimated 4.6 million unauthorized subscribers. Similar action to that taken against the optical disc plants in 2005 must be taken to shut down pirate distributors of television signals in Pakistan.

- **Take actions against business software end-user and hard-disk loading piracy:** The rate of unauthorized use of business software in Pakistan is extremely high. Inspections should be run against businesses suspected to be engaged in the unauthorized use of software, and prosecutions brought where warranted. In addition, while many prosecutions were brought against those engaging in hard-disk loading of pirate software onto computers, the slow pace of court processes and lack of deterrent sentences has meant those engaging in this activity will not be deterred. Steps should be taken to reverse this trend.

- **Amend Copyright Law to Enhance Enforcement, Create Deterrence:** The laws in Pakistan remain a weak link, since there are no mandatory minimum sentences for committing a crime of copyright infringement. As a result, judges impose only nominal fines which have no deterrent effect, and actually embolden pirates. It is essential to strengthen laws by introducing minimum sentences, including mandatory fines and jail sentences. Also, the current copyright law provides only reproduction and rental rights for sound recordings. Revisions are necessary to protect digital content, including an exclusive communication to the public right/right of making available, and protection against the unlawful circumvention of technological protection measures or trafficking in and providing circumvention devices or services.

- **Pass Optical Disc Regulation:** As promptly as possible the Pakistani government should pass and implement an effective optical disc law to enable control over optical disc production, including licensing, inspections (including by representative organizations), closure of plants in violation, monitoring and control on imports of production equipment and raw materials (including optical grade polycarbonate), requirements to use unique source identification codes (SID mastering-LBR and mold codes) to track the location of production, etc.

For more details on Pakistan’s Special 301 history, see IIPA’s “History” Appendix to this filing at [http://www.iipa.com/pdf/2008SPEC301HISTORICALSUMMARY.pdf](http://www.iipa.com/pdf/2008SPEC301HISTORICALSUMMARY.pdf). Please also see previous years' reports at [http://www.iipa.com/countryreports.html](http://www.iipa.com/countryreports.html).
The initial actions resulted in the seizure of around 3,000 infringing titles and four arrests by the police. The reaction by local pirate have been weak to nonexistent. In September 2005, publishers began conducting a series of inspections on the Urdu Bazaar in Karachi. Books were seized and some offenders were taken to the neighborhood police station. Strong reaction from those at the market and business education in Lahore and NED University in Karachi.

Business Education in Lahore and NED University in Karachi. Photocopying for the entire class, or lend the book to other students for them to copy any material they require. Unauthorized compilations in the form of course packs are on the rise as well. Some medical titles have been pirated, usually in one color, so they have misleading and inaccurate illustrations.

Due to the relative ineffectiveness of enforcement raids, the minimal number of criminal

---

**PIRACY AND ENFORCEMENT UPDATES IN PAKISTAN**

**Book Piracy is Getting Worse**: Pakistan remains perhaps the worst book piracy haven in the world. Large-scale photocopying and print piracy make the Pakistani market virtually untenable for legitimate publishers. The Urdu Bazaars in Karachi (featuring 350 booksellers and wholesalers) and Lahore (featuring 700 sellers), are the main sources of pirated books in the country and have remained relatively untouched by raid action over the past year. All types of books are pirated – practically anything that can sell more than a few hundred copies. English language novels and other trade books are popular among pirates, and as a result, U.S. publishers of mainstream commercial fiction and non-fiction are struggling. While the quality of the pirated copies is often poor across the board, some pirates are now able to produce better quality copies that are more difficult to differentiate from the legitimate versions.

The potential market for elementary and high school materials in English is immense, given the number of families in Pakistan who are sending their children to English-medium schools. Nonetheless, the academic market in Pakistan, in addition to the professional and scientific, technical and medical markets, has been completely overrun by piracy. Elementary and high school courses taught in English routinely feature pirate versions of books. Piracy at the university levels is even worse, with rates soaring over 90%. Often, one student will purchase the required reading for a class and then organize the photocopying for the entire class, or lend the book to other students for them to copy any material they require. Unauthorized compilations in the form of course packs are on the rise as well. Some medical titles have been pirated, usually in one color, so they have misleading and inaccurate illustrations.

---

**Estimated Trade Losses Due to Copyright Piracy**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Books</td>
<td>25.0</td>
<td>100%</td>
<td>25.0</td>
<td>100%</td>
<td>25.0</td>
<td>100%</td>
<td>70.0</td>
<td>100%</td>
<td>70.0</td>
<td>100%</td>
</tr>
<tr>
<td>Business Software</td>
<td>55.0</td>
<td>NA</td>
<td>55.0</td>
<td>NA</td>
<td>55.0</td>
<td>NA</td>
<td>32.0</td>
<td>NA</td>
<td>44.0</td>
<td>NA</td>
</tr>
<tr>
<td>Entertainment Software</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Motion Pictures</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>12.0</td>
<td>100%</td>
<td>12.0</td>
<td>95%</td>
<td>12.0</td>
<td>95%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>156.0</strong></td>
<td><strong>100%</strong></td>
<td><strong>158.0</strong></td>
<td><strong>100%</strong></td>
<td><strong>106.0</strong></td>
<td><strong>100%</strong></td>
<td><strong>148.0</strong></td>
<td><strong>100%</strong></td>
<td><strong>135.0</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

---

3 The methodology used by IIPA member associations to calculate these estimated piracy levels and losses is described in IIPA's 2008 Special 301 submission at [www.iipa.com/pdf/2008spec301methodology.pdf](http://www.iipa.com/pdf/2008spec301methodology.pdf).
4 BSA’s 2007 statistics are preliminary. They represent the U.S. software publishers’ share of software piracy losses in Pakistan, and follow the methodology compiled in the Fourth Annual BSA and IDC Global Software Piracy Study (May 2007), available at [http://w3.bsa.org/globalstudy/](http://w3.bsa.org/globalstudy/). These figures cover, in addition to business applications software, computer applications such as operating systems, consumer applications such as PC gaming, personal finance, and reference software. BSA’s 2006 piracy statistics were preliminary at the time of IIPA’s February 12, 2007 Special 301 filing and were finalized in June 2007 (see [http://www.iipa.com/statistics.html](http://www.iipa.com/statistics.html) as reflected above.
5 Notwithstanding some enforcement actions in late 2005 and into 2006, the bazaars remain rife with piracy, and enforcement has been weak to nonexistent. In September 2005, publishers began conducting a series of inspections on the Urdu Bazaar in Karachi. The initial actions resulted in the seizure of around 3,000 infringing titles and four arrests by the police. The reaction by local pirate traders was strong, as they staged strikes (including hunger strikes) and demonstrations. The inspections and the following strikes/demonstrations attracted much media attention. Eventually, with the intervention of police and government officials, the strike was called off. IIPA and the publishers continue to be alarmed by incidents of violence carried out by pirate operators.
6 Among the worst offending universities in this respect are the College of Business Management in Karachi, Punjab College of Business Education in Lahore and NED University in Karachi.
7 This is further evidenced by the fact that U.S. publishers receive routine requests for free supplementary materials from professors who have apparently adopted the book, in regions where there are absolutely no legitimate sales.
8 A police-assisted raid in 2006 in Karachi at a book market illustrates the lack of will among some authorities in Pakistan. Pirate books were seized and some offenders were taken to the neighborhood police station. Strong reaction from those at the market and many of the booksellers lead to them surrounding the police station demanding that the police refrain from filing the “First Information Report” (FIR) against the offenders and release them immediately. The police folded under the pressure and asked for a written undertaking from the offenders that they would not engage in piracy, whereupon they released the defendants without filing an FIR.
prosecutions and the low level of fines when cases do proceed to conclusion, deterrence in the market is non-existent, and piracy levels range from 40% to over 90% of the market, depending on the title. In an encouraging move, the FIA met late last year with book and journal publishing representatives in an apparent move toward greater use of FIA resources to fight book and journal piracy. However, despite information provided by the industry, the FIA has not taken any action since the meeting, and indeed has verbally expressed an unwillingness to do so due to political sensitivities surrounding enforcement in the educational sector.

Finally, reports are increasing of pirated books, especially medical books and dictionaries, flowing into Pakistan from neighboring markets. Meanwhile, publishers report exports of pirated product flowing into nearby and regional markets as well.

“Burned” Discs Replace Factory Produced Discs: With the near eradication of factory produced discs in Pakistan after 2005 enforcement activities, the chief optical disc piracy problem in Pakistan involves the burning of pirate content onto recordable CD-Rs and DVD-Rs with at least one industry describing the problem as rampant (although nowhere near the levels when factory production was fully operational). Several key raids and developments in the fight against CD-R/DVD-R piracy occurred in late 2006-early 2008:

- In November 2006, the FIA Crime Circle Rawalpindi raided four CD-R burning sites at New Imperial Market Rawapindi and seized 121 CD writers along with 3,405 pirated optical discs. Four suspects were arrested. One of the accused confessed and was convicted and sentenced to three months prison in July 2007.
- In February 2007, the FIA Crime Circle, Rawalpindi raided a retailer and wholesaler of pirate burned optical discs in Rawalpindi and seized over 169,000 pirate discs. The FIA registered a criminal case against the owner of the shop. The case is pending in the Judicial Magistrate Court, Rawalpindi. In January 2008, the accused challenged the jurisdiction of the FIA in the High Court, Rawalpindi. Hearings in this case will start in February 2008.
- The FIA Crime Circle in Rawalpindi has obtained convictions in 2007 in three cases (one of which is referred to above) commenced in 2006 against three major wholesalers of pirated optical discs on CD-R and DVD-R formats.
- In November 2007, FIA Crime Circle, Karachi raided a pirate cassette manufacturing unit and seized 2,400 pirate audio cassettes. FIA lodged a case in the court of Judicial Magistrate WEST, Karachi against the plant owner. The accused obtained interim bail from the court. It should be noted that this particular accused is already on bail in three different IPR cases. He is the owner of one of the plants which was raided by the FIA in 2005.

Small quantities of unauthorized factory DVDs remain available. However, it appears these are imported from Southeast Asia, possibly Indonesia and/or Malaysia. Recent information reveals that Bollywood movies are being smuggled from China on pressed DVD’s. Recent Customs seizures would appear to confirm this assertion, and tend to show that most pirate products in Pakistan are “burned” recordable discs. At Karachi Airport, there were 82 seizures in 2007 by Customs, in which over 11,500

---

9 By contrast, publishers report a higher rate of legitimate sales of reference materials to libraries. This is likely attributable to the high cost of producing these materials and the relatively small market over which to spread production costs, making this market unattractive to pirates looking to turn a large profit. This may also be due to the Pakistani government’s “National Education Policy 1998-2010” which states in part, “School, college and university libraries shall be equipped with the latest reading materials/services.”

10 In 2005, the Pakistani government, with great leadership of the Federal Investigation Agency, took unprecedented actions in shutting down ten optical disc factories and raiding associated warehouses. The plant that remains open is producing licensed discs. Industry has not detected any pressed pirated optical discs in the market which could be traced back to Pakistan since 2005, and polycarbonate importation has decreased by roughly 90% compared to the 2004-2005 timeframe. Exports from Pakistan’s two main airports, Karachi and Islamabad, have virtually dried up because of Customs’ efforts.

11 As of late 2005, pirate film DVDs were sold for US$2, while pirate film DVD-Rs were sold for US$1.35.
pirate optical discs containing music and movies were seized. Almost all of the seizures were detected in outgoing passengers’ luggage.

**Cable and Satellite Piracy:** Piracy of cable and satellite broadcasting signals is out of control in Pakistan, with cable companies estimated to transmit without authorization 94% to 97% of the programming they provide to end users. In 2007, such piracy remained pervasive in the absence of sustained enforcement. The illegal cable piracy operations are serviced by “lead walis” who obtain cable feeds from a cable operator with hardware facility (head end). Unfortunately, to date, IIPA is unaware of any actions taken against these pirate cable operations. There are now an estimated 4.6 million unauthorized subscribers causing over $110 million in losses to legitimate channels.

**Mobile and Internet Piracy:** Mobile piracy, whereby illegal vendors upload pirate content (ring tones, music, and published materials, etc.) onto mobile telephones, MP3 devices, flash drives, recordable optical discs, and even computer hard drives, has taken hold in Pakistan. To date, nothing has been done to combat this growing piracy phenomenon, with increasing losses to U.S. industry (not reflected in the losses reported above). Internet piracy has not hit Pakistan hard at this stage, mainly due to the relative lack of available broadband capacity. Pakistan boasts roughly 12 million Internet users, or a 7.3% total Internet penetration rate, and over 164,000 distinct Internet hosts, but only 56,600 broadband users.\(^\text{12}\)

**Business Software End-User Piracy Is Endemic:** Despite significant public awareness and enforcement drives by the business software industry, the piracy situation for the business software sector remained serious in 2007. Pakistan holds the dubious distinction of having one of the highest end-user software piracy levels in the world.\(^\text{13}\)

**Enforcement Hurdles Within FIA and IPO – No ex officio Authority, Leaks:** IIPA is pleased that FIA has met with industry and has requested industry to provide it with intelligence about raid targets, including book piracy targets, CD-R burner facilities and large warehouses. One key issue in Pakistan remains the lack of ex officio authority being employed by FIA or IPO. At present, a formal complaint must be lodged by a copyright owner or an authorized representative before FIA will take any action. The industries have met with the Intellectual Property Office (IPO) Pakistan through seminars and trainings and are trying to convince law enforcement authorities to take more ex officio actions against blatant piracy.

Another problem appears to be leaks within the enforcement units. In November 2007, after thorough investigation, the recording industry group lodged a complaint against five pirate audio cassette manufacturing factories and warehouses. FIA raided all five sites but pirated goods were found at only one site. It is believed that there have been instances such as this one described in which FIA has leaked the information before the raid.

**Courts Still Do Not Effectively Deter Piracy:** An endemic problem involves the failure of the Pakistani courts to mete out deterrent results in piracy cases, which cases are also marred by procedural hurdles such as excessive documentary requirements and delays.\(^\text{14}\) The maximum fine a pirate has received from a prosecution for publishing piracy was Rs15,000 (US$251) in 2004, hardly a deterrent, and most cases involving publishers resulted in far lower fines. IIPA members report that judges routinely view piracy as a misdemeanor, thus punishments are often token fines and never deterrent.

---

\(^{12}\) See The World Factbook, Pakistan, at \url{https://www.cia.gov/library/publications/the-world-factbook/geos/pk.html}. See Internet World Stats, at \url{http://www.internetworldstats.com/stats3.htm}. These statistics are up-to-date as of November 30, 2007, are based on Census Bureau data, while usage numbers come from various sources, mainly from data published by Neilson/NetRatings, ITU, and other trustworthy sources. See also Internet World Stats, Pakistan, at (reporting that there were 12,000,000 Internet users as of September 2006, representing a 7.3% penetration rate, according to the Pakistan Telecommunication Authority (PTA); but only 56,600 broadband subscribers as of September 30, 2007, according to International Telecommunications Union).

\(^{13}\) In 2005, there were 28 criminal cases lodged against hard disk loaders (computer resellers that fill computers with illegal software), arising from complaints by the Business Software Alliance. However, these cases have apparently not had a deterrent effect.

\(^{14}\) The judicial crisis of 2007 has had, not surprisingly, a negative and delaying effect on adjudication of IP cases.
TRAINING AND PUBLIC AWARENESS

The copyright industries worked with law enforcement in 2007 to provide regular training, and also participated in IPO training programs. The recording and motion picture industries organized three independent training sessions for the authorities\(^{15}\) and also participated twice in training sessions organized by the U.S. Embassy and IPO. The press in Pakistan picked up on one U.S. Embassy program in Islamabad involving a week long “Intellectual Property Rights & Cyber Investigation Training Program” which had as its target audience FIA officials, provincial police, Ministry of Interior officials, members of the legal profession and professors.\(^{16}\) The software industry has likewise expended resources to set up upwards of 30 trainings around the country to training over 500 professionals to help reduce software piracy.\(^{17}\)

COPYRIGHT AND RELATED LAWS

Penalties in Copyright Law Fail to Deter Piracy: Copyright protection in Pakistan is generally provided under the Copyright Ordinance, 1962 (as last amended in 2000), which provides generally strong administrative tools to fight piracy, including, for example, provisions enabling the Registrar to monitor exports, with the ability to inspect and seize pirated goods leaving Pakistan.\(^{18}\) Remaining problems in the ordinance include criminal fines that remain far too low to deter piracy, and in part to remedy this, the Copyright Law should be amended to provide minimum jail sentences/fines for crimes involving copyright infringement.\(^{19}\) In addition to the TRIPS-incompatible royalty-free compulsory license discussed above, there are other overly broad exceptions to protection, and unclear full retroactive protection for works and sound recordings as required by TRIPS.

Royalty-Free Compulsory License for Books Is Out of Step with International Standards: The government of Pakistan amended its copyright ordinance in 2000 to include a provision (Section 36(3)) that allows a royalty-free compulsory license of books. Specifically, it provides, “[t]he Federal Government or the Board may, upon an application by any government or statutory institution, in the public interest, grant a license to reprint, translate, adapt or publish any textbook on non-profit basis.” Included in “government or statutory institution” is the National Book Foundation (NBF), which, as noted, has engaged in the unauthorized reproduction of books under the guise of this license. This royalty-free compulsory license violates the Berne Convention and TRIPS and Pakistan must delete it.

Pakistan Should Implement the WCT and WPPT: Pakistan should join and further amend its laws to fully implement the WIPO Internet Treaties, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), which establish the framework for the protection of copyrighted works in the online environment. Pakistan should also adopt the 1971 (Paris) text of the Berne Convention and should join the Geneva [Phonograms] Convention. In particular, the Act should include broadcasting and public performance rights for phonogram producers and should be adapted to

\(^{15}\) The trainings were as follows:
- December 18, 2006: IFPI/MPA organized a one day training workshop in Islamabad together with IPO Pakistan in which over 100 participants took part.
- November 22, 2007: IFPI/MPA organized a training session for Islamabad Customs; and
- November 28, 2007: IFPI/MPA organized a training for Karachi Customs, FIA Officials, Police, Customs and private IPR investigations on “Identification of Pirated Optical Discs and Investigative Skills.”

\(^{16}\) U.S. Embassy Launches Intellectual Property Rights & Cyber Investigation Training Program, Pakistan Press International Information Services, August 13, 2007 (quoting U.S. Charge d’Affairs Peter Bodde and indicating the purpose of the training was to provide law enforcement officials with the knowledge and techniques to investigate and prosecute intellectual property rights related crimes, and noting the trainers include people from the U.S. Department of Justice, Microsoft, and the recording and motion picture industries).


\(^{19}\) Some industries have suggested that the minimum fine must be increased, e.g., to PKR500,000 (US$8,240).
the specific needs of right owners in the online environment. Changes should include providing an exclusive making available right, protection of technological protection measures (TPMs) and rights management information (RMI) and providing proper incentives for service providers in the online area to cooperate with right holders trying to uphold their rights, through adequate provision of liability for P2P file sharing, adequate liability for service providers engaging in direct infringement or playing a sufficient role in facilitating such infringement, and should in addition include a robust notice and takedown system.

**Motion Picture Ordinance Should Cover Home Video Products:** IIPA also encourages Pakistan to amend its Motion Picture Ordinance to more clearly cover home video products, and understands that the Ministry of Culture has announced plans to do this. IIPA hopes the new government in March 2008 will be in a better position to amend this ordinance. The motion picture industry has reviewed and provided comments on drafts of the proposed amendments, which would require licensing of video shops and would include minimum penalties for infringements, all of which would be helpful in the fight against this form of piracy.

**Pakistan Should Pass and Implement an Effective Law to Curtail Pirate Optical Disc Production:** To ensure that optical disc pirate production does not return, the Pakistani government should introduce effective optical disc plant control measures, giving the government and right holders the ability to track the movement of optical media production equipment and parts, as well as the raw materials (including optical grade polycarbonate), and compelling plants to use unique source identifiers (SID mastering LBR and mold codes) to track location of production, in order to successfully halt the production of pirate optical discs. Such regulations will give Pakistani authorities a needed tool to conduct spot inspections and raids on plants, seize infringing copies of product and machinery, and impose administrative and criminal penalties to deter the organized manufacturing and distribution of pirate product. IIPA understands that draft legislation remains pending as of January 2008; it is hoped that this draft will proceed to passage in early 2008.

**Generalized System of Preferences:** On January 24, 2005, IIPA endorsed termination of the Generalized System of Preferences (GSP) piracy investigation of Pakistan, and called on the Pakistani government to remain vigilant against book piracy. IIPA’s GSP petition had been accepted in June 2004 by the United States Trade Representative to evaluate whether Pakistan remained eligible to retain its GSP trade benefits due to poor copyright protection and enforcement. As a result of termination, Pakistan continues to enjoy duty-free status for imports of certain products into the United States. During the first eleven months of 2007, $121.8 million worth of products came into the United States duty-free from Pakistan, or 3.7% of its total imports to the U.S.

**MARKET ACCESS**

**Import Duties:** The recording industry reports very high import duties on U.S. sound recordings that severely restrict access to the Pakistani market. IIPA urges the government of Pakistan to substantially lower the import duties and related taxes.

---


21 IIPA recognized the progress made in reducing the impact of optical disc piracy in Pakistan, while noting that outstanding issues such as book piracy continue to merit attention. IIPA noted,