

COPYRIGHT INDUSTRIES IN THE U.S. ECONOMY



The 2014 Report

By Stephen E. Siwek
Economists Incorporated

Prepared for the
International Intellectual Property Alliance®

COPYRIGHT INDUSTRIES IN THE U.S. ECONOMY



The 2014 Report



Copyright Industries in the U.S. Economy: The 2014 Report is the fifteenth report on the U.S. copyright industries prepared for the International Intellectual Property Alliance (IIPA) since 1990.

Citation format: *Copyright Industries in the U.S. Economy: The 2014 Report*, by Stephen E. Siwek of Economists Incorporated, prepared for the International Intellectual Property Alliance (IIPA), December 2014, available at www.iipa.com.

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

- Stephen E. Siwek and Harold Furchtgott-Roth, *Copyright Industries in the U.S. Economy* (released in November 1990)
- Stephen E. Siwek and Harold Furchtgott-Roth, *Copyright Industries in the U.S. Economy: 1977-1990* (released in September 1992)
- Stephen E. Siwek and Harold Furchtgott-Roth, *Copyright Industries in the U.S. Economy: 1993 Perspective* (released in October 1993)
- Stephen E. Siwek and Harold Furchtgott-Roth, *Copyright Industries in the U.S. Economy: 1977-1993* (released in January 1995)
- Stephen E. Siwek and Gale Mosteller, *Copyright Industries in the U.S. Economy: The 1996 Report* (released in October 1996)
- Stephen E. Siwek and Gale Mosteller, *Copyright Industries in the U.S. Economy: The 1998 Report* (released in May 1998)
- Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 1999 Report* (released in December 1999)
- Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2000 Report* (released in December 2000)
- Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2002 Report* (released in April 2002)
- Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2004 Report* (released in October 2004)
- Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2006 Report* (released in January 2007)
- Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2003-2007 Report* (released in July 2009)
- Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2011 Report* (released in November 2011)
- Stephen E. Siwek, *Copyright Industries in the U.S. Economy: The 2013 Report* (released in November 2013).

© 2014 Economists Incorporated

All rights reserved. Material in this *Report* is protected by copyright. It may, however, be reproduced for non-commercial purposes or quoted with appropriate attribution to Stephen E. Siwek of Economists Incorporated and the International Intellectual Property Alliance.

International Intellectual Property Alliance® and IIPA® are registered service marks of the International Intellectual Property Alliance. The logo (three circles with a 'c' in the center and the globe design) is also a service mark of the International Intellectual Property Alliance.

Cover design and graphic layout by Liz Holland, Berkeley, California

ISBN 978-0-9911233-1-5

Printed in the United States of America

International Intellectual Property Alliance (IIPA)

1818 N Street, NW, 8th Floor, Washington, DC 20036 U.S.A.

Tel: +1.202.355.7900 Fax: +1.202.355.7899 Web: www.iipa.com

TABLE OF CONTENTS

Preface	1
I. Executive Summary	2
II. Introduction	3
III. The Copyright Industries	5
IV. Value Added by the Copyright Industries	6
V. Employment and Compensation in the Copyright Industries	10
VI. U.S. Copyright Materials in World Markets	15
VII. Conclusion	17
Appendix A: Tables of Statistics	18
Appendix B: Updates to BEA's Revised Treatment of Entertainment, Literary and Artistic Originals	21
Appendix C: List of References	24



ABOUT THE AUTHOR

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 fourteen prior reports on the economic contributions of the U.S. copyright industries to the U.S. economy. Mr. Siwek has furthered 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.

AUTHOR’S ACKNOWLEDGEMENTS

Our research assistant, Patricia Muething, performed much of the computer work that was used throughout this *Report*. 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*. We thank Michael Schlesinger of the IIPA for his guidance throughout this process, and we would also like to thank Pamela Burchette for her assistance in preparing this *Report*.

Formed in 1984, the IIPA is a private sector coalition 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 open up foreign markets closed by piracy and other market access barriers. IIPA’s six member associations represent over 3,200 U.S. companies producing and distributing materials protected by copyright laws throughout the world—all types of computer and video games for video game consoles, personal computers, and the Internet; theatrical films, television programs, 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. Visit www.iipa.com. Members of the IIPA include [Association of American Publishers](#), [Entertainment Software Association](#), [Independent Film & Television Alliance](#), [Motion Picture Association of America](#), [National Music Publishers’ Association](#), and [Recording Industry Association of America](#).

PREFACE

Since 1984, IIPA and its association members – producers and distributors of movies, music, videogames, and books and journals for the world – have worked in partnership with the U.S. government to improve copyright protection and provide fairer and more equitable market access 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 that have made it more difficult for creators 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 the U.S. economy, in terms of overall contribution, employment and wages, and foreign sales and exports, thereby benefiting 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 2014 Report*, the fifteenth such report, by Stephen E. Siwek of Economists Incorporated, covers the period 2009-2013. 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 contribution of the core copyright industries to the U.S. economy now well surpasses one trillion dollars in a single year.¹

As international trade has increased and globalized, foreign governments and intergovernmental organizations such as the World In-

tellectual 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. These methodologies have now been adopted in well over 40 countries' national reports. The *Guide* is currently under revision, and at the same time, more domestic studies are 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. The copyright industries derive a growing percentage of their revenue from the digital marketplace. Problems such as online piracy and unlicensed uses of copyright materials, as well as market access and other discriminatory challenges, inhibit the growth of these markets in the U.S. and abroad. 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 throughout the world.

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

¹ The "core" copyright industries are those industries whose primary purpose is to create, produce, distribute or exhibit copyright materials.

² The various national studies are described and compared in a WIPO document, *2014 WIPO Studies on the Economic Contribution of the Copyright Industries Overview*, available at http://www.wipo.int/export/sites/www/copyright/en/performance/pdf/economic_contribution_analysis_2012.pdf. National studies conducted to date include the following 42 countries: Argentina (2013), Australia (2011), Bhutan (2011), Brunei (2011), Bulgaria (2011), Canada (2004), China (2009), Colombia (2006), Croatia (2007), Dominica (2012), Grenada (2012), Finland (2010), Hungary (2010), Indonesia (2013), Jamaica (2007), Jordan (2012), Kenya (2009), Korea (2012), Latvia (2004), Lebanon (2007), Lithuania (2012), Malawi (2013), Malaysia (2008), Mexico (2006), Netherlands (2009), Pakistan (2010), Panama (2009), Peru (2009), Philippines (2006), Romania (2008), Russia (2007), Singapore (2007), Slovenia (2010), South Africa (2011), St. Kitts/Nevis (2012), St. Lucia (2012), St. Vincent (2012), Tanzania (2012), Thailand (2012), Trinidad and Tobago (2011), Ukraine (2008), and United States (2013).

I. EXECUTIVE SUMMARY

Copyright Industries in the U.S. Economy: The 2014 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 – 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 2013, the value added by the core copyright industries to U.S. GDP reached more than \$1.1 trillion dollars (\$1,126.59 billion), accounting for 6.71% of the U.S. economy.
- In 2013, the value added by the total copyright industries³ to GDP exceeded \$1.9 trillion (\$1,922 billion), accounting for 11.44% of the U.S. economy.

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

- The core copyright industries employed nearly 5.5 million workers in 2013, accounting for 4.03% of the entire U.S. workforce, and nearly 4.81% of total private employment in the U.S.
- The average annual 2013 compensation paid to core copyright workers – \$87,860 – far exceeds the average annual compensation paid to all U.S. workers – \$65,723 – amounting to a 34% “compensation premium” over the average U.S. annual wage.
- The total copyright industries employed more than 11.2 million workers in 2013, accounting

for 8.26% of all U.S. employment, or 9.85% of all private employment in the United States. The average annual compensation paid to employees of the total copyright industries in 2013, \$77,942, exceeds the U.S. average annual wage by around 19%.

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

- During the period 2009-2013, the core copyright industries grew at an aggregate annual rate of 3.9%. The average annual growth rate of the entire U.S. economy over the same period was only 2.25%. The core copyright industries grew at a rate more than 70% greater than the remainder of the U.S. economy.
- During the same period, the total copyright industries grew at an annual rate of 3.45%, also well surpassing the growth rate for the remainder of the U.S. economy.

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

- Sales of select U.S. copyright products in overseas markets amounted to \$156.3 billion in 2013, 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 chemicals (excluding pharmaceuticals and medicines) (\$147.8 billion), aerospace products and parts (\$128.3 billion), agriculture (\$68.9 billion), and pharmaceuticals and medicines (\$51.6 billion).

³The “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 qualify 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 businesses 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.

II. INTRODUCTION

Copyright Industries in the U.S. Economy: The 2014 Report is the fifteenth in a series issued over the last 24 years by Economists Incorporated, updating and supplementing fourteen earlier reports prepared on behalf of the IIPA. This latest *Report* presents data on the value added contributions of the copyright sector to the U.S. economy for the years 2009-2013; the percentage contribution of the copyright sector to the overall U.S. economy; the relative growth of the copyright industries compared with the remainder of the economy; employment levels in the copyright sector; the average compensation for workers in the copyright sector in comparison to other sectors; and the contributions of selected copyright industries to exports and foreign sales. The underlying data used in this *Report* is current through 2013.⁴

The *Report* confirms once again that the U.S. copyright industries contribute significantly to U.S. GDP. The creative industries continue to outpace the rest of the economy in real growth. The copyright industries also continue to employ millions of workers whose average compensation levels substantially exceed the average level of compensation paid to all U.S. workers. Indicators from select core copyright industries of the U.S. demonstrate growth in terms of foreign sales and exports during 2009-2013, with foreign sales and exports in those sectors outperforming many key U.S. industrial sectors.

As in previous years, this study is presented in five sections:

- The copyright industries
- Value added by the copyright industries
- Employment in the copyright industries
- U.S. copyright materials in world markets
- Conclusion

The period covered by this report was one of generally improving economic conditions in the U.S. as a whole. In 2010, the American economy began to emerge from the painful recession of 2008-2009. Subsequently, the economy expanded in 2011 and grew even more vigorously in 2012. By 2013, the U.S. economy's growth rate slowed somewhat but still maintained a respectable performance.

This study continues to reflect the use of industry data classifications adopted under the North American Industry Classification System ("NAICS") which has been widely implemented by U.S. statistical agencies. It also continues to follow the international standards and recommendations propounded by the World Intellectual Property Organization ("WIPO") in 2003 regarding the development of economic and statistical standards to measure the impact of domestic copyright industries on domestic economies.⁵

⁴In this study, the values presented for 2009 have been updated from the 2009 results presented in *Copyright Industries in the U.S. Economy: The 2013 Report*. The updates result from data revisions published by the U.S. Bureau of Economic Analysis ("BEA") and by other government agencies since the last report was completed.

⁵The author of this *Report*, Stephen E. Siwek, participated as an expert at the meeting of the "Working Group of Experts of the Preparation of a WIPO Handbook on Survey Guidelines for Assessing the Economic Impact of Copyright and Related Rights" which was co-sponsored by WIPO and held in Helsinki, Finland, in July 2002. That meeting launched the process which resulted in WIPO's 2003 publication of its *Guide on Surveying the Economic Contribution of the Copyright-Based Industries* which describes many of the recommendations and standards used in this *Report*.

The data in this study quantify the size and critical importance of the copyright industries to the U.S. economy, generally using the most current data available. As in past studies, the U.S. copyright industries' contribution to the U.S. economy is measured by three economic indicators: value-added to the U.S. gross domestic product ("GDP") in current dollars; industry employment and share of national employment; and revenues generated from foreign sales and exports. In addition, this study includes two additional indicators of the importance of the copyright industries to the U.S. economy: compensation per employee, and real annual growth. As set forth in this *Report*, during the period 2009-2013, the copyright industries, both core and total, achieved real growth rates in excess of 3.4% per year. By contrast, during

the period considered in the 2011 *Report* (2007-2010), the copyright industries produced real growth rates of less than 1.5% annually.⁶

Of course, the copyright industries were not the only beneficiaries of the improving economic climate after 2009. For example, during the years 2009-2013, real GDP for the U.S. as a whole increased at an annual rate of 2.25%. This growth rate significantly exceeded the annual growth figures reported in our prior study for the U.S. as a whole. U.S. real annual growth over the period 2007-2010 was only 0.05%. As this study documents, the U.S. copyright industries continue to make a disproportionately positive contribution to real growth in U.S. GDP.



⁶ *Copyright Industries in the U.S. Economy: The 2011 Report*, Tables A.1, A.2.

III. THE COPYRIGHT INDUSTRIES

In nine of our fourteen prior economic reports, we divided the copyright industries into four groups: core, partial, distribution, and copyright related; these are the sectors we developed and defined in our first report issued in 1990. Beginning with the 2004 report, we still used four categories, but in order to conform to the international standard, we relied upon the four copyright categories defined by WIPO: core, partial, non-dedicated support, and interdependent.

The **core** industries include those industries whose primary purpose is to create, produce, distribute or exhibit copyright materials. These industries include books, newspapers and periodicals, motion pictures, recorded music, radio and television broadcasting, and software in all formats, including video games.

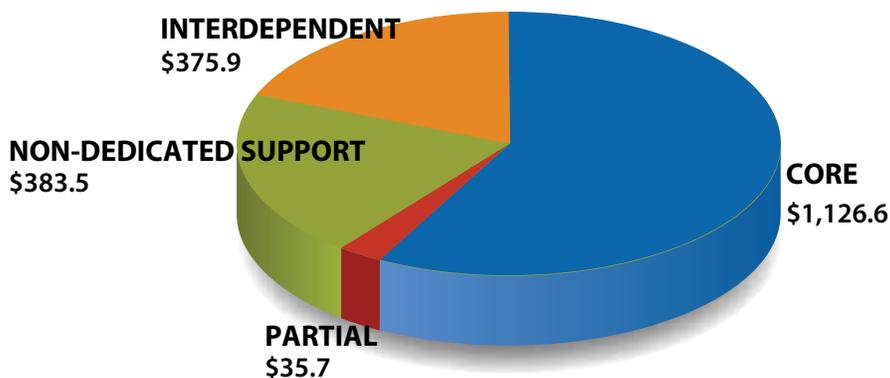
Partial copyright industries include industries in which only some aspect or portion of the products they create qualify for copyright protection. These industries range from fabric to jewelry to furniture to toys and games.

Non-dedicated support industries include those that distribute both copyright and non-copyright protected materials to businesses 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 CD players, TV sets, VCRs, personal computers and usage dependent products including blank recording material and certain categories of paper.

We refer to the four groups together – core, partial, non-dedicated support, and interdependent – as the **“total”** copyright industries.

**COPYRIGHT INDUSTRIES IN THE US ECONOMY
(VALUE ADDED IN BILLIONS OF DOLLARS) 2013**



2013 TOTAL: \$1,921.7 BILLION OR MORE THAN \$1.92 TRILLION

IV. VALUE ADDED BY THE COPYRIGHT INDUSTRIES

The most appropriate way to measure an industry's contribution to the national economy is to measure the industry's value added. Value added reflects the economic contribution of labor and capital of a particular industry. The sum of the value added of all industries in the United States is equal to gross domestic product ("GDP"), a standard measure of the size of the U.S. economy. For this reason, value added calculations can be used to draw comparisons of the relative size and growth rates of different industries in a way that is consistent with the federal government's national income and product accounting data.

In our past reports, we noted that timely estimates of the value added by individual industries were not generally available from government sources for many of the industries considered in these studies. As a result, our prior estimates of copyright industry value added were derived by applying historical input-output factors to more current data on industry sales from both government and non-government sources. By contrast, in the most recent studies, we make direct use of the industry specific value added estimates produced by the U.S. Bureau of Economic Analysis ("BEA") to derive the contributions made by the core and total copyright industries to the U.S. economy. An additional benefit of using these

data is that the BEA calculates both current dollar and constant dollar value added for the industry classifications that it analyzes. In this *Report*, the constant dollar value added figures are used to derive estimates of the real growth rates achieved by the core and total copyright industries on a year-by-year basis. These data are also used to measure the contribution made by the copyright industries to the real annual growth achieved by the U.S. economy as a whole.

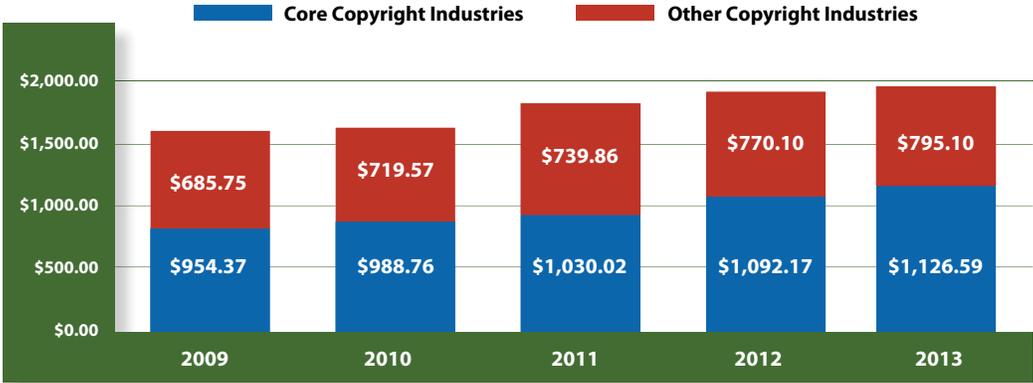
As noted, the harmful effects of the recession of 2008-2009 were much diminished by 2013, and most U.S. industries experienced increasing sales and profits during those years. Within this context, the copyright industries remained a particularly important contributor to U.S. GDP. As shown in Table 1 below, the current dollar value added to U.S. GDP by the core copyright industries reached \$1,126.59 billion in 2013. In the same year, U.S. GDP reached \$16.799 trillion. Thus, in 2013, the core copyright industries maintained a 6.71% share of nominal U.S. GDP. The values added by the total copyright industries in the same period are also shown in Table 1. As reported in Table 1, the value added to U.S. GDP by the total copyright industries in 2013 was \$1.922 trillion, or 11.44% of U.S. GDP.

TABLE 1: COPYRIGHT INDUSTRIES VALUE ADDED (BILLIONS OF US DOLLARS), 2009-2013

	2009	2010	2011	2012	2013
Core Copyright Industries	\$954.4	\$988.8	\$1,030.0	\$1,092.2	\$1,126.6
Total US GDP	\$14,417.9	\$14,958.3	\$15,533.8	\$16,244.6	\$16,799.7
Core Share of US GDP	6.62%	6.61%	6.63%	6.72%	6.71%
	2009	2010	2011	2012	2013
Total Copyright Industries	\$1,640.1	\$1,708.3	\$1,769.9	\$1,862.3	\$1,921.7
Total US GDP	\$14,417.9	\$14,958.3	\$15,533.8	\$16,244.6	\$16,799.7
Total Share of US GDP	11.38%	11.42%	11.39%	11.46%	11.44%

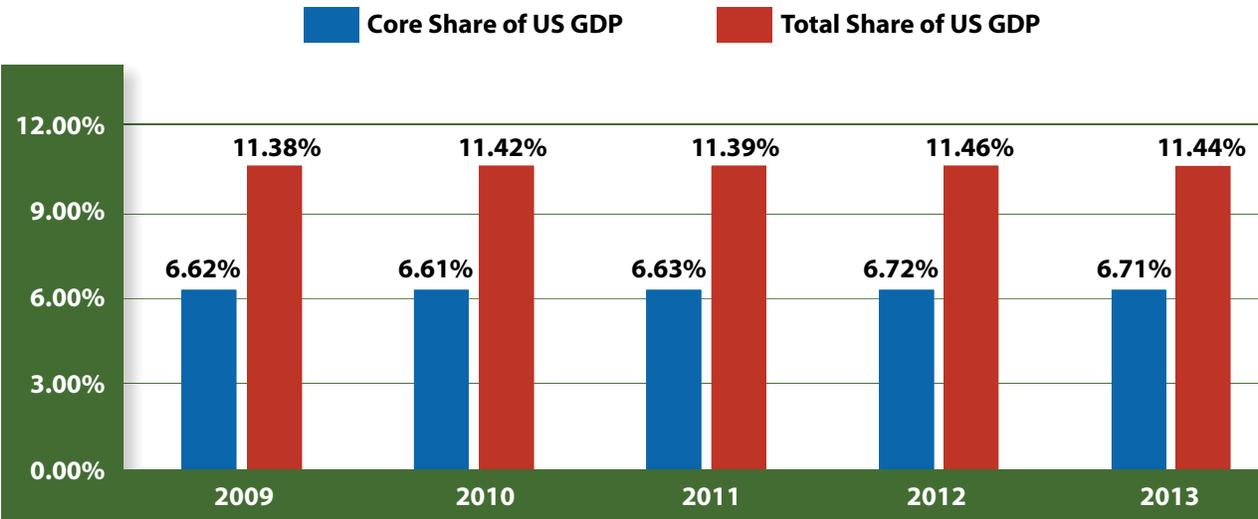
As shown in Chart 1 below, our current estimates of the value added for the core copyright industries increased from \$954.37 billion in 2009 to \$1,126.59 billion in 2013. The estimated value added for the other (non-core) copyright industries rose from \$685.75 billion in 2009 to \$795.10 billion in 2013.

CHART 1: COPYRIGHT INDUSTRIES' VALUE ADDED (BILLIONS OF CURRENT DOLLARS), 2009-2013



The copyright industries' current dollar share of the U.S. economy is provided in Chart 2 below. On the basis of the methodology described above, we now estimate that the core copyright industries' current dollar share of the U.S. economy has increased from approximately 6.62% to 6.71% of the U.S. economy over the years 2009 through 2013. Total copyright industries' current dollar share of U.S. GDP reached 11.44% in 2013.

CHART 2: COPYRIGHT INDUSTRIES' SHARE OF CURRENT DOLLAR GDP, 2009-2013



To put these figures in perspective, it is useful to compare the economic contributions of the U.S. copyright industries to the contributions made by other U.S. industries in the same time period. Inter-industry comparisons to the U.S. copyright industry are shown in Table 2.

As reported in Table 2, the total value added to the U.S. economy by the entire federal government in 2013 was \$698.9 billion.⁷ This amount is substantially lower than the value added by the total copyright industries in the same year. In 2013, the total value added to the U.S. economy by state and local governments was \$1,487 billion, or nearly \$1.5 trillion. This value is approximately 23% lower than the value added by the total copyright industries in 2013. Comparisons of the copyright industries' value added in 2012 and 2013, to other sectors of the U.S. economy are also provided in Table 2. These comparisons clearly document the size and importance of the copyright industries today.

TABLE 2: VALUE ADDED COMPARISONS BETWEEN COPYRIGHT AND OTHER SECTORS (BILLIONS OF US DOLLARS), 2012-2013

	2012	2013
Core Copyright - Value Added	\$1,092.17	\$1,126.59
Total Copyright - Value Added	\$1,862.29	\$1,921.69
Federal Government - Value Added	\$711.7	\$698.9
State and Local Government - Value Added	\$1,474.5	\$1,487.0
Construction - Value Added	\$581.1	\$611.4
Health Care and Social Assistance - Value Added	\$1,157.4	\$1,200.9
Finance and Insurance - Value Added	\$1,078.2	\$1,114.6

The value added estimates for the copyright industries that are contained in this *Report* reflect underlying data obtained from the BEA, the U.S. Census Bureau and other government statistical agencies. In particular, the estimates of copyright industry value added make direct use of the industry-specific estimates of U.S. value added regularly published by the BEA. These industry-specific estimates (in both current dollar and real terms) are used as starting points to derive the contributions made by the core and total copyright industries to U.S. GDP.

Real growth rates in value added experienced during the period 2009-2013 by the U.S. copyright industries, and by the U.S. economy as a whole, are provided in Table 3.⁸ For each of the periods 2009-2010, 2010-2011, 2011-2012, and 2012-2013, the U.S. core copyright industries experienced positive real growth in excess of 2.3% annually. Over the entire period 2009-2013, the core copyright industries grew at a real annual growth rate of 3.9%.

⁷ U.S. GDP figures from Elrod, A., Lindberg, B., and Morgan, E., *Annual Industry Accounts: Advanced Statistics on GDP by Industry for 2012, Survey of Current Business*, May 2013, Table 7. (U.S. BEA, *Annual Industry Accounts*).

⁸ Real growth rates measure changes in constant dollar value added over time. In these estimates, current dollar value added figures are converted to "chained" dollars for the year 2000.

The total copyright industries experienced a comparable pattern of real growth during the years 2009-2013. As shown in Table 3, in 2009-2010, 2010-2011, 2011-2012, and 2012-2013, the total copyright industries grew at annual rates in excess of 2.1% per year. For the full period of 2009-2013, the real value added by the total copyright industries grew at a rate of 3.45% per year.

Both the U.S. copyright industries and the U.S. economy experienced positive real annual growth during the years 2009 through 2013. In order to provide a basis of comparison, the growth patterns for the U.S. economy are also provided in Table 3.

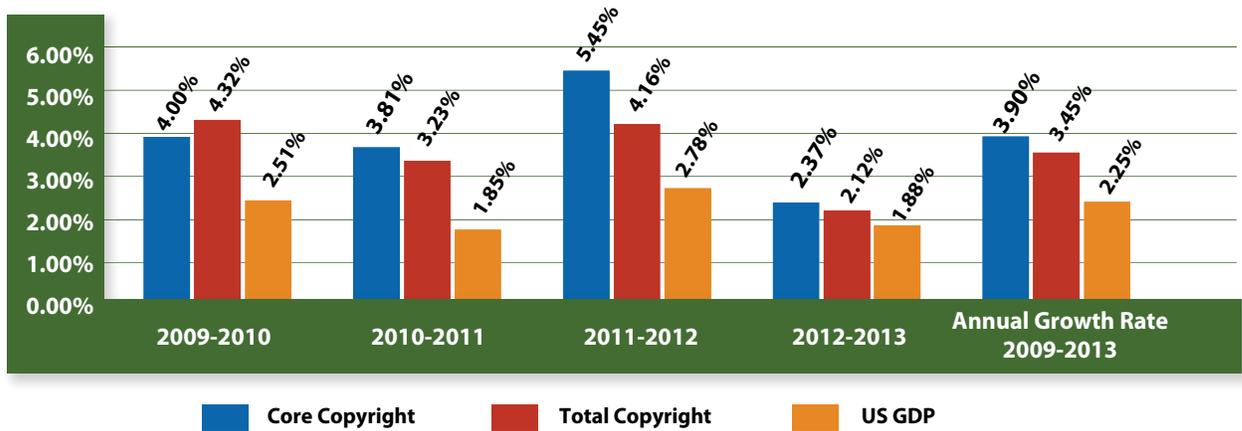
For the period 2009-2010 through 2012-2013, the U.S. economy grew at an annual rate of 2.25%. For the individual years 2009-2010, 2010-2011, 2011-2012, and 2012-2013 the U.S. economy increased at annual rates of 2.51%, 1.85% and 2.78%, and 1.88% respectively. As these figures make clear, for this period, the compound annual growth rate achieved by the U.S. copyright industries significantly exceeded the compound annual growth rate achieved by the U.S. economy as a whole.

**TABLE 3: REAL ANNUAL GROWTH RATES
VALUE ADDED TO US GDP, 2009-2013**

	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	Annual Growth Rate 2009-2013
Core Copyright Industries	4.00%	3.81%	5.45%	2.37%	3.90%
Total Copyright Industries	4.32%	3.23%	4.16%	2.12%	3.45%
US GDP	2.51%	1.85%	2.78%	1.88%	2.25%

We also express, in Chart 3, the real (constant dollar) annual growth rates experienced by the copyright industries, compared with the real growth rate achieved by the U.S. economy as a whole, during the periods 2009-2010, 2010-2011, 2011-2012, and 2012-2013. As shown in Chart 3, the core copyright industries grew in excess of 2.3% in 2009-2010, 2010-2011, 2011-2012 and 2012-2013. Similarly, the total copyright industries grew at a rate of 4.16% in 2011-2012 and 2.12% in 2012-2013. By contrast, the real growth rates achieved by the U.S. economy as a whole were 2.78% in 2011-2012 and 1.88% in 2012-2013. As Chart 3 demonstrates, since 2009 the core and the total copyright industries have grown substantially faster than the real annual rate of growth experienced for the U.S. GDP as a whole.

CHART 3: REAL ANNUAL GROWTH RATES COPYRIGHT INDUSTRIES AND US GDP, 2009-2013



V. EMPLOYMENT IN THE COPYRIGHT INDUSTRIES

In this *Report*, as in the past, we estimate the number of workers employed in the core and total copyright industries for the years 2009-2013. The procedures used to derive our estimates of employment in this *Report* were largely based on the formulas derived in the earlier reports. In those reports, employee counts were derived so that the counts would be consistent in both the NAICS and ISIC classification systems. As in the past, the actual employee counts by NAICS code were extracted from the Bureau of Labor Statistics (“BLS”) data base.

Employment figures for the core and total copyright industries for the years 2009, 2010, 2011, 2012, and 2013 are provided in Table 4. As shown in Table 4, the core copyright industries employed 5,126,300 workers in 2009. These workers represented 3.92% of the total U.S. workforce in 2009. By 2013, the number of core copyright employees in the United States had increased by 344,400 workers to 5,470,700. These workers represented 4.03% of the total U.S. workforce in 2013. In 2009, the total copyright industries employed more than 10.7 million workers. By 2013, employment in the total copyright industries had increased to more than 11.2 million. During these years, the total copyright industries represented more than an 8% share of all U.S. employment. The total U.S. employment during this period increased from 130,859,300 in 2009 to 135,637,000 in 2013.

**TABLE 4: COPYRIGHT INDUSTRIES AND TOTAL US EMPLOYMENT
(IN THOUSANDS), 2009-2013**

	2009	2010	2011	2012	2013
Core Copyright Industries	5,126.3	5,180.3	5,272.8	5,371.7	5,470.7
Total US Employment	130,859.3	129,911.1	131,499.8	133,736.2	135,637.0
Core Share of US	3.92%	3.99%	4.01%	4.02%	4.03%
	2009	2010	2011	2012	2013
Total Copyright Industries	10,731.5	10,591.6	10,803.5	10,981.3	11,206.8
Total US Employment	130,859.3	129,911.1	131,499.8	133,736.2	135,637.0
Total Share of US	8.20%	8.15%	8.22%	8.21%	8.26%

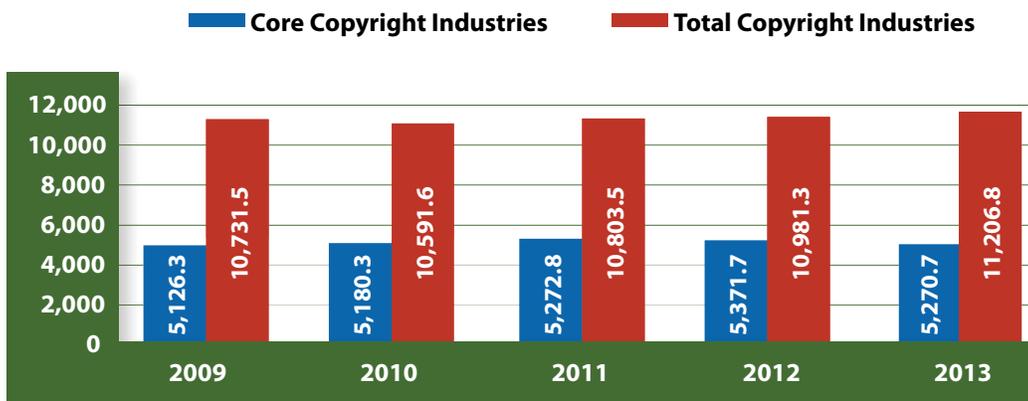
For U.S. private industry, employment growth during the years 2009 through 2013 was comparable to the employment trends experienced for the U.S. economy as a whole. As shown in Table 5 below, total U.S. private employment increased from 108,306,000 in 2009 to 113,789,000 in 2013. During these years, the core copyright industries by and large maintained a 4.8% share of all private employment while the total copyright industries' share of private employment remained near 10% for the entire period.

**TABLE 5: COPYRIGHT INDUSTRIES AND TOTAL PRIVATE EMPLOYMENT
(IN THOUSANDS), 2009-2013**

	2009	2010	2011	2012	2013
Core Copyright Industries	5,126.3	5,180.3	5,272.8	5,371.7	5,470.7
Total US Private Employment	108,306.0	107,420.1	109,408.3	111,822.1	113,789.0
Core Share of US	4.73%	4.82%	4.82%	4.80%	4.81%
	2009	2010	2011	2012	2013
Total Copyright Industries	10,731.5	10,591.6	10,803.5	10,981.3	11,206.8
Total US Private Employment	108,306.0	107,420.1	109,408.3	111,822.1	113,789.0
Total Share of US	9.91%	9.86%	9.87%	9.82%	9.85%

U.S. copyright industry employment is also expressed in Chart 4 below. This chart demonstrates graphically that the total number of workers in the core copyright industries consistently increased from 2009 to 2013.⁹ Because U.S. total employment also rose during this period, the core copyright share of employment remained at approximately 4%, while the total copyright share of employment remained above 8%, varying between 8.15% in 2010 to a high of 8.26% in 2013.

**CHART 4: US COPYRIGHT INDUSTRY EMPLOYMENT
(IN THOUSANDS), 2009-2013**



In this *Report*, we also quantify the average compensation per employee received by workers in the copyright industries and in the U.S. as a whole. In these calculations “compensation” means “wages and salary accruals and supplements to wages and salary accruals.” These supplements include “employer contributions for employee pensions and insurance funds and employer contributions for government social insurance.”¹⁰ These data are shown in Table 6.

During the period 2009-2013, average compensation per employee in both the core and total copyright industries increased. As shown in Table 6, average compensation earned by core copyright employees stood at \$87,859.69 in 2013. This value was 34% higher than the average compensation paid to all U.S. employees in 2013 (\$65,723.45). For total copyright industry workers, average compensation in 2013 was \$77,942.35, about 19% higher than the U.S. average.

⁹ As a whole, the core copyright industries have consistently been able to add jobs to the U.S. economy. Within the core however, certain component industries, particularly in the printing sector, have experienced declines in employment since the late 1990s.

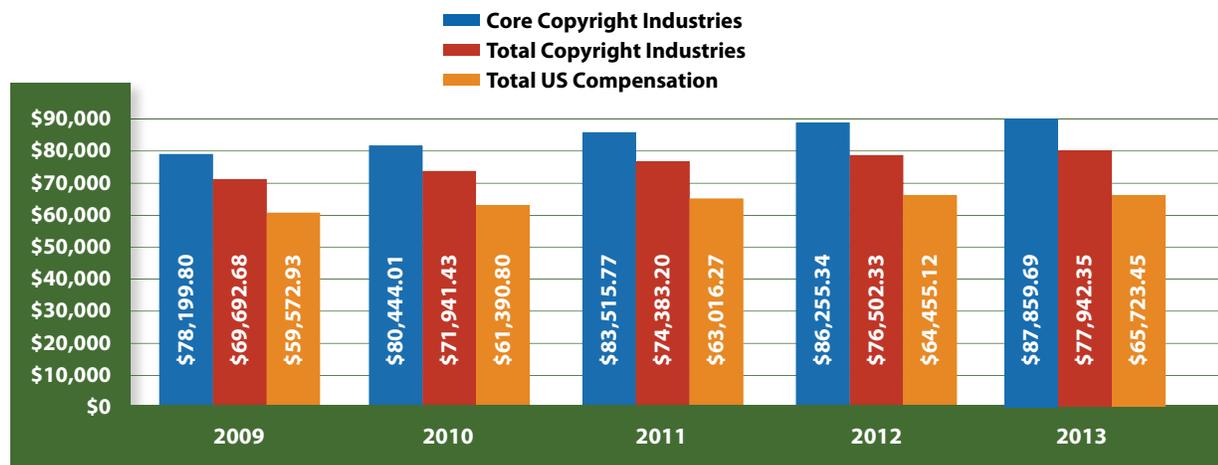
¹⁰ See U.S. BEA, *Glossary Index*.

TABLE 6: COMPENSATION PER EMPLOYEE (US DOLLARS), 2009-2013

	2009	2010	2011	2012	2013
Core Copyright Industries	\$78,199.80	\$80,444.01	\$83,515.77	\$86,255.34	\$87,859.69
Total US Compensation	\$59,572.93	\$61,390.80	\$63,016.27	\$64,455.12	\$65,723.45
Ratio: Core to US	1.31	1.31	1.33	1.34	1.34
	2009	2010	2011	2012	2013
Total Copyright Industries	\$69,692.68	\$71,941.43	\$74,383.20	\$76,502.33	\$77,942.35
Total US Compensation	\$59,572.93	\$61,390.80	\$63,016.27	\$64,455.12	\$65,723.45
Ratio: Total to US	1.17	1.17	1.18	1.19	1.19

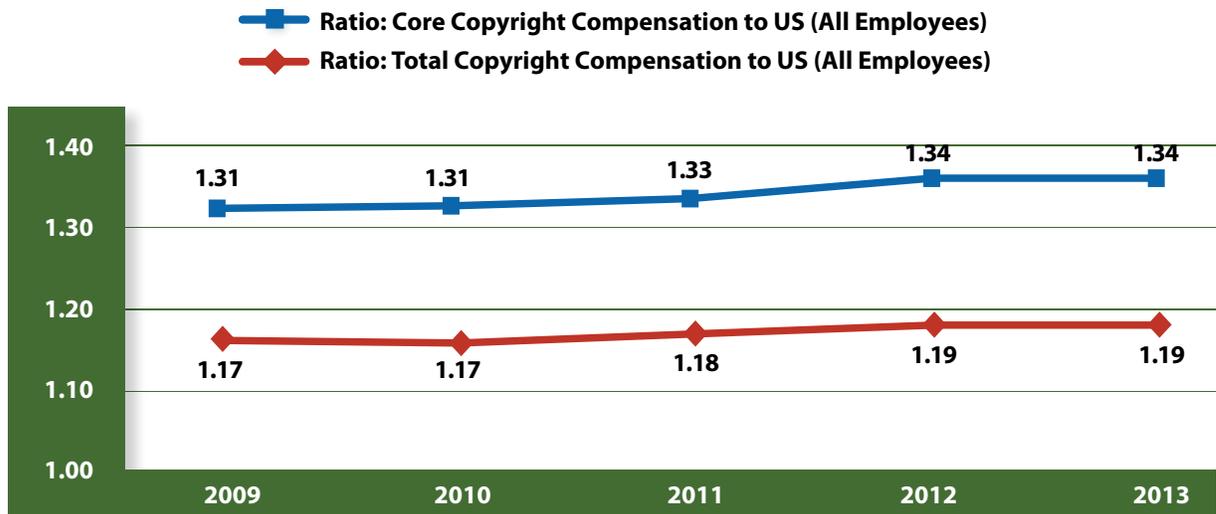
Compensation data are also reported graphically in Chart 5. The compensation “premium” paid to workers in the copyright industries continued and increased through 2010, 2011, 2012, and remained roughly constant in 2013.

CHART 5: US COPYRIGHT INDUSTRY COMPENSATION PER EMPLOYEE, 2009-2013



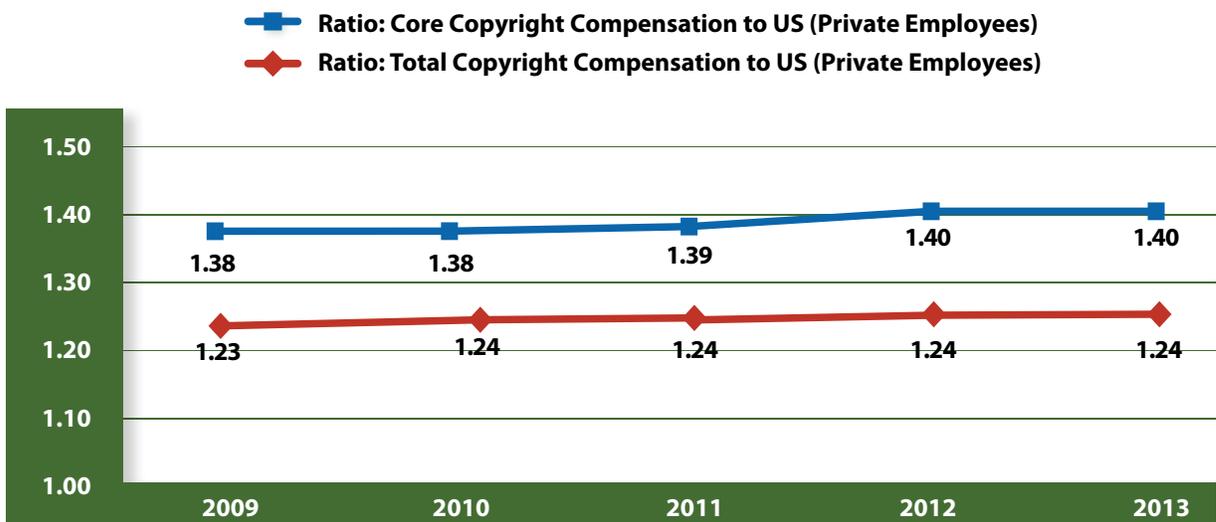
The compensation premium paid to copyright industry employees can also be illustrated by ratio. In Chart 6A, the average compensation paid to employees in the core and total copyright industries is compared to the average compensation paid to all workers in the United States. For core copyright employees, the compensation premium has generally been in the range of 31% rising to 34% in 2012, and remaining at roughly 34% in 2013. For total copyright employees, the compensation premium has centered at around 18%. In other words, core copyright employees on average now receive about 34% more compensation than the average U.S. worker, while total copyright industry employees now receive about 18% more compensation than the average worker.

CHART 6A: US COPYRIGHT INDUSTRY COMPENSATION RATIOS COMPARED TO ALL US EMPLOYEES (1.00=100%), 2009-2013



Copyright industry workers are also paid more than the average U.S. worker in private industry. As shown in Chart 6B, the compensation paid to workers in the core copyright industries has generally been about 39% higher than the average compensation paid to U.S. private industry employees, and in 2013 was 40% higher. Similarly, the compensation paid to workers in the total copyright industries has generally been about 24% higher than the average compensation paid to U.S. private industry employees as a whole.

CHART 6B: US COPYRIGHT INDUSTRY COMPENSATION RATIOS COMPARED TO PRIVATE US EMPLOYEES (1.00=100%), 2009-2013



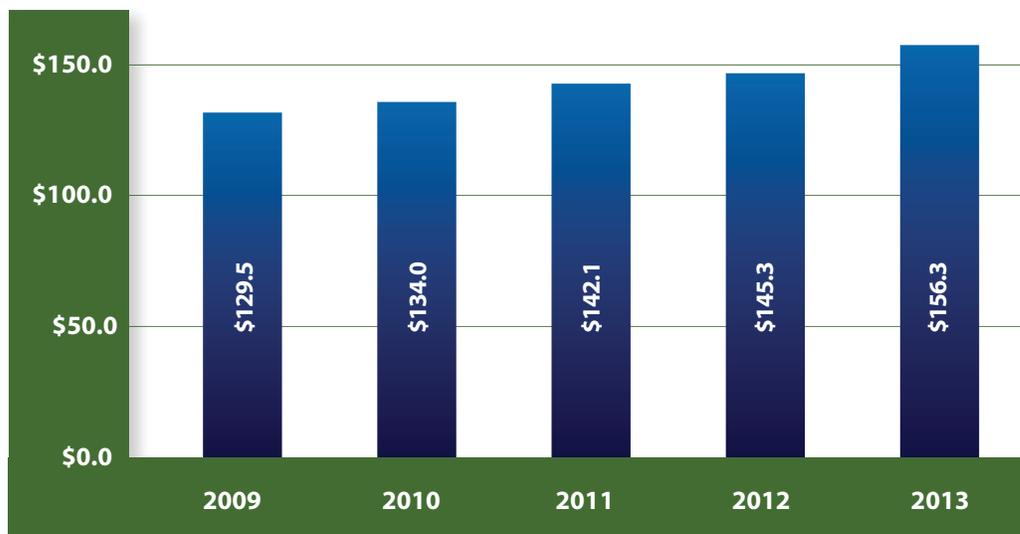
VI. U.S. COPYRIGHT MATERIALS IN WORLD MARKETS

Consumers in non-U.S. markets continue to demand products that embody American creativity. Copyright products that are sold abroad may be manufactured in the U.S. or in foreign markets but, in either case, the creative components of those products are nurtured by the protection afforded under U.S. laws.

As noted in prior reports on these industries, we believe that the U.S. government's statistics on "exports" of copyright products generally fail to measure accurately the true value of American copyright works sold abroad. We recognize that, in recent years, efforts have been undertaken to improve the scope of the copyright product export statistics that are gathered in government surveys. For example, the U.S. Census Bureau now reports "Estimated Export Revenue for Employer firms," for a number of the copyright industries, including the motion picture industry and the sound recording industry.¹¹ However, the export statistics reported by Census are substantially lower than foreign market sales figures derived from non-government sources.

As in past reports, we again provide estimates of foreign sales and exports for four selected core copyright areas for which we have data during the years 2009 through 2013: recorded music; motion pictures, television and video; software publishing; and non-software publications including newspapers, books and periodicals. For these years, we report total foreign sales for the "selected" core copyright areas of \$129.5 billion in 2009, \$134.0 billion in 2010, \$142.1 billion in 2011, \$145.3 billion in 2012, and \$156.3 billion in 2013. Chart 7 below demonstrates these figures graphically. The underlying figures disaggregated by industry are provided in Appendix A, Table A.5.

CHART 7: REVENUE GENERATED BY FOREIGN SALES AND EXPORTS OF SELECTED COPYRIGHT SECTORS (IN BILLIONS OF DOLLARS), 2009-2013



¹¹ See U.S. Census Bureau, Information Sector Services (NAICS 51), *Estimated Export Revenue for Employer Firms: 1998 through 2004*, Table 3.0.3.

Annual growth rates for foreign sales of the selected core copyright industries are provided in Table 7 below. As shown on Table 7, foreign sales for these selected industries increased substantially during the 2009-2013 time period.

TABLE 7:

ANNUAL GROWTH RATE OF FOREIGN SALES AND EXPORTS, 2009-2013

	2009-2010	2010-2011	2011-2012	2012-2013
Growth Rate	3.46%	6.00%	2.31%	7.56%

In addition, the foreign sales and exports of these core copyright areas remain significantly larger than the entirety of exports of other major industry sectors. As reported in Table 8 below, copyright industry sales in foreign markets generally exceed exports of the following U.S. industries: chemicals (excluding pharmaceuticals and medicines); aerospace products and parts; agricultural products; food and kindred products; pharmaceuticals and medicines. In 2013, the core copyright industries generated non-U.S. sales of \$156.3 billion. In the same year, the U.S. chemical industry (excluding pharmaceuticals and medicines) achieved foreign sales and exports of \$147.8 billion. In 2013, reported foreign sales and exports for U.S. aerospace products approached \$128.3 billion while U.S. agricultural foreign sales and exports were approximately \$68.9 billion. In 2013, foreign sales and exports of pharmaceuticals and medicines stood at \$51.6 billion.¹²

TABLE 8:

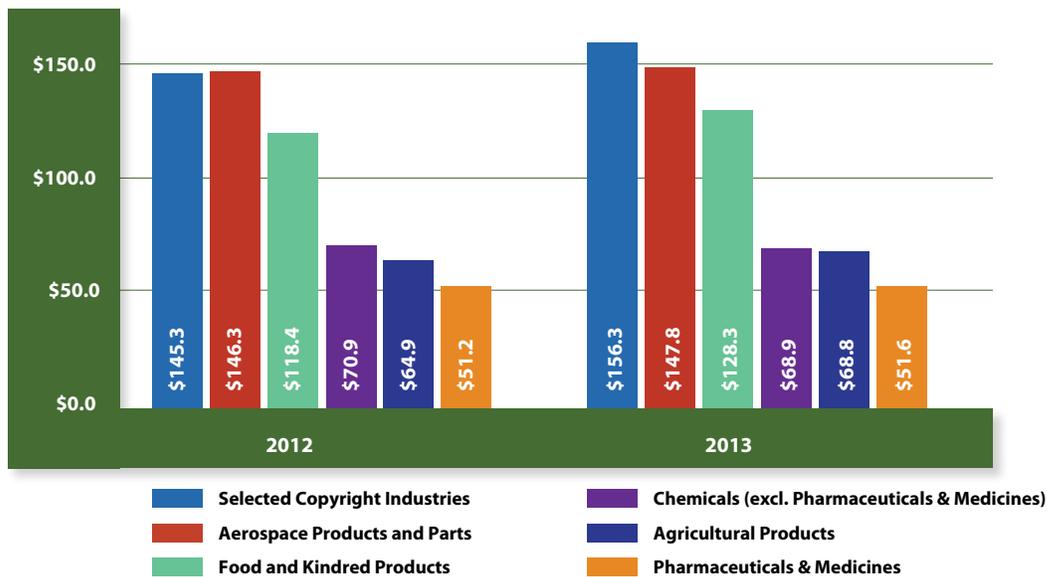
FOREIGN SALES AND EXPORTS FOR SELECTED INDUSTRIES (BILLIONS OF US DOLLARS), 2012-2013

Industry	2012	2013
Selected Copyright Industries (Motion Pictures, TV, Video; Recorded Music; Newspapers, Books, Periodicals; Software Publishing)	\$145.3	\$156.3
Chemicals (excluding Pharmaceuticals & Medicines)	\$146.3	\$147.8
Aerospace Products and Parts	\$118.4	\$128.3
Agricultural Products	\$70.9	\$68.9
Food and Kindred Products	\$64.9	\$68.8
Pharmaceuticals & Medicines	\$51.2	\$51.6

¹² In this Report, U.S. exports by industry were taken from the International Trade Statistics "Censtats" data base at the U.S. Census Bureau. Export statistics by industry were identified by NAICS code.

Foreign sales and exports data by industry are also reported graphically in Chart 8. The data represent the significant contribution made by American copyright works sold abroad to the overall trade balance of the U.S. economy, as well as by comparison with other industry sectors.

CHART 8: FOREIGN SALES AND EXPORTS FOR SELECTED INDUSTRIES (BILLIONS OF US DOLLARS), 2012-2013



VII. CONCLUSION

The U.S. copyright industries have consistently outperformed the rest of the U.S. economy, in terms of their real annual growth rates and their contributions to the overall growth of the U.S. economy as a whole. These industries also command significant shares of U.S. gross domestic product and they employ millions of U.S. workers. In addition, the compensation paid to U.S. workers in the copyright industries consistently and substantially exceeds the average compensation level paid to U.S. workers as a whole. Finally, copyright sectors continue to play a prominent role in the growth of U.S. exports.

Value added in the copyright industries continues to grow. As of 2013, the value added by the core copyright industries was \$1,126.59 billion, approximately 6.71% of U.S. GDP. In the same year, value added for the total copyright industries stood at \$1,921.69 billion or 11.44% of GDP. In 2009-2010, 2010-2011, 2011-2012, and 2012-2013, the real annual growth rates achieved by both the core and total copyright industries were significantly higher than the real growth rates exhibited by the U.S. economy as a whole.

The U.S. core copyright industries now employ nearly 5.5 million workers while some 11.2 million people are employed by the total copyright industries. The annual compensation paid to core copyright workers now exceeds the average annual compensation paid to all U.S. workers by 34%. The average compensation paid to employees of the total copyright industries exceeds the U.S. average by 19%.

Sales of U.S. copyright materials continue to expand in overseas markets. For selected core copyright sectors, sales in foreign markets exceeded \$145 billion in 2012 and \$156 billion in 2013. The foreign sales of these selected copyright sectors exceed foreign sales of other U.S. industries including chemicals (excluding pharmaceuticals and medicines), aerospace, agricultural products, food and kindred products, and pharmaceuticals and medicines.

These consistently positive trends solidify the status of the U.S. copyright industries as a key engine of growth for the U.S. economy as a whole. As new technologies support the development of new distribution methods for legitimate copyrighted products, the U.S. copyright-based industries represented in the IIPA remain optimistic that economic growth, combined with strong laws, effective enforcement, and steps to open markets, will continue to pave the way for economic growth both in the U.S. and abroad.

APPENDIX A: TABLES OF STATISTICS

TABLE A.1
CORE COPYRIGHT INDUSTRIES VALUE ADDED TO US GDP

Nominal Value Added <i>(Billions of dollars)</i>	2009	2010	2011	2012	2013
Core Copyright	\$954.37	\$988.76	\$1,030.02	\$1,092.17	\$1,126.59
US GDP	\$14,417.94	\$14,958.26	\$15,533.84	\$16,244.59	\$16,799.74
Share	6.62%	6.61%	6.63%	6.72%	6.71%
Real Value Added <i>(Billions of 2005 dollars)</i>	2009	2010	2011	2012	2013
Core Copyright	\$954.37	\$992.56	\$1,030.35	\$1,086.55	\$1,112.30
US GDP	\$14,417.94	\$14,779.35	\$15,052.37	\$15,740.71	\$15,761.31
Annual Growth in Real Value Added	2008 -2009	2009 -2010	2010 -2011	2011 -2012	2012 -2013
Core	N/A	4.00%	3.81%	5.45%	2.37%
US GDP	N/A	2.51%	1.85%	2.78%	1.88%

Compound Annual Growth Rates <i>(2009-2010 to 2012-2013)</i>	
Core	3.90%
US GDP	2.25%

TABLE A.2

TOTAL COPYRIGHT INDUSTRIES
VALUE ADDED TO US GDP, 2009-2013

Nominal Value Added <i>(Billions of dollars)</i>	2009	2010	2011	2012	2013
Total Copyright	\$1,640.13	\$1,708.33	\$1,769.88	\$1,862.29	\$1,921.69
US GDP	\$14,417.94	\$14,958.26	\$15,533.84	\$16,244.59	\$16,799.74
Share	11.38%	11.42%	11.39%	11.46%	11.44%
Real Value Added <i>(Billions of 2005 dollars)</i>	2009	2010	2011	2012	2013
Total Copyright	\$1,640.13	\$1,711.02	\$1,766.22	\$1,839.70	\$1,878.64
US GDP	\$14,417.94	\$14,779.35	\$15,052.37	\$15,740.71	\$15,761.31
Annual Growth in Real Value Added	2008 -2009	2009 -2010	2010 -2011	2011 -2012	2012 -2013
Total Copyright	N/A	4.32%	3.23%	4.16%	2.12%
US GDP	N/A	2.51%	1.85%	2.78%	1.88%

Compound Annual Growth Rates
(2009-2010 to 2012-2013)

Total	3.45%
US GDP	2.25%

TABLE A.3

US COPYRIGHT INDUSTRY EMPLOYMENT
(THOUSANDS), 2009-2013

Core Copyright	2009	2010	2011	2012	2013
Core Copyright Employment	5,126.3	5,180.3	5,272.8	5,371.7	5,470.7
Total US Employment <i>(in thousands)</i>	130,859.3	129,911.1	131,499.8	133,736.2	135,637.0
Total Private US Employment <i>(in thousands)</i>	108,306.0	107,420.1	109,408.3	111,822.1	113,789.0
Core Copyright Share of US	3.92%	3.99%	4.01%	4.02%	4.03%
Core Copyright Share of Private US	4.73%	4.82%	4.82%	4.80%	4.81%
Core Copyright	2009	2010	2011	2012	2013
Total Copyright Employment	10,731.5	10,591.6	10,803.5	10,981.3	11,206.8
Total US Employment <i>(in thousands)</i>	130,859.3	129,911.1	131,499.8	133,736.2	135,637.0
Total Private US Employment <i>(in thousands)</i>	108,306.0	107,420.1	109,408.3	111,822.1	113,789.0
Total Copyright Share of US	8.20%	8.15%	8.22%	8.21%	8.26%
Total Copyright Share of Private US	9.91%	9.86%	9.87%	9.82%	9.85%

TABLE A.4

**US COPYRIGHT INDUSTRY COMPENSATION PER EMPLOYEE
(US DOLLARS), 2009-2013**

Core Copyright	2009	2010	2011	2012	2013
Core Copyright Compensation/Employee	\$78,199.80	\$80,444.01	\$83,515.77	\$86,255.34	\$87,859.69
Average US Compensation/Employee	\$59,572.93	\$61,390.80	\$63,016.27	\$64,455.12	\$65,723.45
Average Private US Compensation/Employee	\$56,594.21	\$58,200.20	\$59,897.50	\$61,501.44	\$62,711.65
Ratio: Core Copyright Compensation to US	1.31	1.31	1.33	1.34	1.34
Ratio: Core Copyright Compensation to Private US	1.38	1.38	1.39	1.40	1.40
Total Copyright	2009	2010	2011	2012	2013
Total Copyright Compensation/Employee	\$69,692.68	\$71,941.43	\$74,383.20	\$76,502.33	\$77,942.35
Average US Compensation/Employee	\$59,572.93	\$61,390.80	\$63,016.27	\$64,455.12	\$65,723.45
Average Private US Compensation/Employee	\$56,594.21	\$58,200.20	\$59,897.50	\$61,501.44	\$62,711.65
Ratio: Total Copyright Compensation to US	1.17	1.17	1.18	1.19	1.19
Ratio: Total Copyright Compensation to Private US	1.23	1.24	1.24	1.24	1.24

TABLE A.5

**2009-2013 REVENUE GENERATED BY
FOREIGN SALES AND EXPORTS OF SELECTED US CORE
COPYRIGHT SECTORS (BILLIONS OF DOLLARS)**

Industry	2009	2010	2011	2012	2013
Recorded Music	\$7.07	\$6.60	\$6.41	\$6.43	\$6.06
Motion Pictures, TV, Video	\$23.25	\$23.89	\$24.56	\$24.78	\$25.35
Software Publishing	\$94.30	\$98.70	\$106.40	\$109.70	\$120.20
Newspapers, Books, Periodicals	\$4.91	\$4.82	\$4.68	\$4.42	\$4.71
Total for Selected Industries	\$129.53	\$134.01	\$142.05	\$145.33	\$156.32

APPENDIX B: UPDATES TO BEA'S REVISED TREATMENT OF ENTERTAINMENT, LITERARY AND ARTISTIC ORIGINALS

In *Copyright Industries in the U.S. Economy: The 2013 Report*, we described a new accounting treatment, developed by the BEA, that is designed to capture more accurately the costs of producing “artistic originals” in the government’s statistical accounts. Artistic originals include “books, movies, TV shows, music, photographs and greeting cards.”

In its traditional estimates, the BEA recognized the costs of artistic originals as “intermediate inputs” that were consumed during the production of other goods. Because the costs of artistic originals were classified as intermediate inputs, they were not included in U.S. GDP. More recently however, the BEA has concluded that the costs of certain artistic originals should be treated not as current expenditures but as long-lived investments. In Appendix B of the *2013 Report*, we described the methods and procedures adopted by the BEA to account for artistic originals as investments. In this Appendix, we describe in more detail how the new treatment affects the measurement of value added for selected U.S. copyright industries.

As described in the *2013 Report*, BEA’s new accounting treatment has generated substantial increases in the economic contributions of the industries that create artistic originals. These industries include many of the most prominent core copyright industries described in the main body of this *Report*. As noted in the *2013 Report*, BEA’s revisions in the treatment of entertainment, literary and artistic originals would have led to an overall increase of \$70.6 billion in reported U.S. value added for the year 2007.

The 2007 increase estimate was developed as part of the BEA’s 2007 Benchmark Input-Output (I-O) Accounts for the U.S. economy.¹³ BEA’s 2007 Benchmark paper also included a list of the individual industries that were most affected by the agency’s revised treatment of artistic originals. BEA states that:

“Entertainment, literary and artistic originals are now treated as investments. The new treatment increased GDP by \$70.4 billion with notable revisions to the following industries: *motion picture and sound recording, broadcasting and telecommunications, publishing, except internet, and performing arts, spectator sports, museums, and related activities.*”¹⁴

Subsequently, in February 2014, the BEA published an article entitled, *Industry Economic Accounts: Results of the Comprehensive Revision, Revised Statistics for 1997-2012*.¹⁵ In this article, the authors explained that on January 23, 2014, the BEA released revised statistics on real gross domestic product (GDP) by industry for 1997-2012 that reflected “the results of its 2014 comprehensive revision of the industry economic accounts (IEAs).” As a consequence of this revision, the BEA adopted a variety of changes. One of these changes was “capitalization of intellectual property products and other definitional improvements.”¹⁶

¹³ U.S. BEA Press Release, *Benchmark Input-Output Account of the U.S. Economy, 2007*, December 18, 2013.

¹⁴ *Id.*

¹⁵ Kim, Donald; Strassner, E.; Wasshausen, D., *Industry Economic Accounts, Results of the Comprehensive Revision, Revised Statistics for 1997-2012*.

¹⁶ *Id.* page 2.

In the same article, the authors also provided estimates of the changes in U.S. value added that resulted from BEA’s decision to capitalize entertainment, literary and artistic originals. As noted, the BEA had previously estimated an increase in value added for 2007 in the amount of \$70.4 billion. In 2014, however, the authors published new estimates for 2012. The BEA now estimates that for 2012, the effect of capitalization of artistic originals was to increase U.S. value added by \$74.3 billion.¹⁷

To view these figures in context, it is useful to consider the overall industry value added figures published by the BEA in 2011 and 2012. Recall that the BEA’s revised treatment of artistic originals had particular impact for four broad industry categories. These were 1) the motion picture and sound recording industries, 2) the broadcasting and telecommunication industries, 3) the publishing industries (except Internet), and 4) the combined performing arts, spectator sports, museum and related industries.

In April 2014, the BEA reported the following figures for industry value added in 2012:

TABLE B.1 **BEA INDUSTRY VALUE ADDED**
(IN BILLIONS OF US DOLLARS) IN 2012

Industry	2012
Motion Pictures and Sound Recording Industries	\$113.2
Broadcasting and Telecommunications Industries	\$391.9
Publishing (except Internet)	\$191.5
Performing Arts and Others	\$86.5
TOTAL	\$783.1 billion

Since these figures were published in 2014, we assume that they have all been adjusted to take account of the BEA’s treatment of artistic originals. In order to illustrate how the capitalization of artistic originals affects U.S. industries, we can compare the figures above with prior calculations published by the BEA in May 2013. Unfortunately, the industry data provided in BEA’s 2013 release did not include detailed industry figures for 2012. However, the BEA’s May 2013 figures for 2011 are reported in Table B.2.

¹⁷Id. page 3.

In May 2013, the BEA reported the following figures for industry value added in 2011:

TABLE B.2 **BEA INDUSTRY VALUE ADDED**
(IN BILLIONS OF US DOLLARS) IN 2011

Industry	2011
Motion Pictures and Sound Recording Industries	\$60.2
Broadcasting and Telecommunications Industries	\$363.9
Publishing (except Internet)	\$144.3
Performing Arts and Others	\$83.0
TOTAL	\$651.4 billion

The difference between the industry value added total in 2011 (as of May 2013) and the industry value added total in 2012 (as of April 2014) is \$131.7 billion. This increase clearly exceeds by a comfortable margin BEA's own estimate of the impact of capitalizing artistic originals in 2012 which was, as noted above, \$74.3 billion.

The increases in industry value added cited above clearly reflect additional factors beyond a change in accounting treatment for artistic originals. One such factor is the use of industry value added figures from different years. Unfortunately, the May 2013 data for 2012 was not disaggregated by the individual industries affected by the BEA's change in accounting. Nevertheless, value added data for the information sector as a whole are available from the May 2013 data table for both 2011 and 2012.¹⁸ These figures were \$646.6 billion in 2011 and \$690.6 billion in 2012.

Value added for the information sector as a whole grew by 6.8% over the period 2011 to 2012. In addition, as noted above, the detailed value added data for 2011 was \$651.4 billion. Assume that in 2012, the detailed industries were to grow at the same rate as the information sector as a whole. Under this assumption, the detailed industries would have generated total value added of \$695.7 billion in 2012.¹⁹

The figure of \$695.7 billion in 2012 represents the detailed industry's value added before the BEA's accounting change for artistic originals was implemented. The figure of \$783.1 billion for 2012 represents the detailed industry's value added after the change had been recognized. The difference between these two figures (\$87.4 billion) approximately confirms the BEA's aggregate calculations by considering value added changes on an industry-by-industry basis.

¹⁸ The industries in the information sector include motion pictures and sound recordings, broadcasting and telecommunications, publishing (except Internet) and information and data processing. The information and data processing industries were not affected by the BEA's accounting change. However, the performance art and related industries, which are not part of the information sector, were affected by this change. Because of these differences the comparison described above is approximate only.

¹⁹ \$651.4 times 1.068 = \$695.7.

APPENDIX C: LIST OF REFERENCES

- Box Office Mojo, *Overseas Total Box Office Index*, 2011 and 2012.
- Box Office Mojo, *2014 Box Office Reaches \$2 Billion*, March 18, 2014.
- Box Office Mojo, *Yearly Box Office*, 1980-2014.
- Box Office Mojo, *Yearly Box Office, 2014 Worldwide Grosses*, 2014.
- Desmond, John, *Software 500 2012: 17% Revenue Growth*, Software Magazine, 2012.
- Elrod, Aaron A., Lindberg, Brian M., Morgan, Edward T., *Annual Industry Accounts: Advanced Statistics on GDP by Industry for 2012*, Survey of Current Business, May 2013.
- Gartner Says Worldwide Market Grew 4.8% in 2013, Gartner, 2014.
- Independent Film and Television Alliance (IFTA), *Weekend Box Office for Independent Films. 2012, 2013*.
- International Federation of the Phonographic Industry (IFPI), *IFPI Digital Music Report 2013*.
- International Federation of the Phonographic Industry (IFPI), *Recording Industry in Numbers, 2012 Edition*.
- International Federation of the Phonographic Industry (IFPI), *Recording Industry in Numbers, 2013 Edition*.
- Kim, Donald D., Strassnet, E., Wasshausen, D., *Industry Economics Accounts, Results of the Comprehensive Revision, Revised Statistics for 1997-2012*, Survey of Current Business, February 2014.
- Motion Picture Association of America, *Theatrical Market Statistics*, 2013.
- Siwek, Stephen E., *Copyright Industries in the U.S. Economy: The 2011 Report*, November 2011.
- Siwek, Stephen E., *Copyright Industries in the U.S. Economy: The 2013 Report*, November 2013.
- Software Industry Market Research & Statistics*, Report Linker, 2014.
- Soloveichik, Rachel H., *Long-Lived Television Programs as Capital Assets*, BEA Working Paper (WP2013-09), June 2013.
- Soloveichik, Rachel H., *Theatrical Movies as Capital Assets*, BEA Working Paper (WP2013-7), June 2013.
- U.S. Bureau of Economic Analysis, *BEA Expands Coverage of Intellectual Property Products*, Undated.
- U.S. Bureau of Economic Analysis, *Glossary Index*, 2014.
- U.S. Bureau of Economic Analysis, Industry Data, *Benchmark Input-Output Account of the U.S. Economy, 2007*, December 2013.
- U.S. Bureau of Economic Analysis, Industry Data, *Compensation of Employees by Industry, 2004-2012*.

U.S. Bureau of Economic Analysis, Industry Data, *Full-Time and Part Time Employees by Industry*, 2004-2012.

U.S. Bureau of Economic Analysis, Industry Data, *Value Added by Industry*, 2004-2012.

U.S. Bureau of Economic Analysis, *Preview of the 2013 Comprehensive Revision of the Industry Economic Accounts*, Survey of Current Business, June 2013.

U.S. Bureau of Economic Analysis, *Preview of the 2013 Comprehensive Revision of the National Income and Product Accounts*, Survey of Current Business, March 2013.

U.S. Department of Commerce, Economic and Statistics Administration, U.S. Census Bureau, *Estimated Quarterly Revenue for Employer Firms*, 2010, 2011 and 2012.

U.S. Department of Commerce, Economic and Statistics Administration, U.S. Census Bureau, *2011 Service Annual Survey (2007-2011)*.

U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, *Foreign Trade Division, Trade Stats Express, Exports by Product and by Year*.

U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, *Foreign Trade Division, U.S. International Trade Statistics, Census Data Base*.

U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, *Information Sector Services (NAICS 51), Estimated Export Revenue for Employer Firms*.

U.S. Department of Labor, Bureau of Labor Statistics, *Employment, Hours and Earnings from the Current Employment Statistics Survey (National)*.

U.S. Department of Labor, Bureau of Labor Statistics, *Subject Areas: Overview of BLS Statistics on Employment*.

Verrier, Richard., *International Box Office Revenues Soared in 2012, MPAA Reports*. Los Angeles Times, March 21, 2013.

Washington, Patricia A., Bellone, Jeff M., Jacobson, Anna M., Lee, Jennifer, *Annual Industry Accounts: Revised Statistics for 2009-2011*, Survey of Current Business, December, 2012.

World Intellectual Property Organization, *2014 WIPO Studies on the Economic Contribution of the Copyright Industries Overview (2014)*.

World Intellectual Property Organization, *Guide on Surveying the Economic Contribution of the Copyright-Based Industries*, WIPO Publication No. 893(E), ISBN 92-805-1225-7.



Copyright Industries in the U.S. Economy: The 2014 Report



INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE®

International Intellectual Property Alliance® (IIPA®)

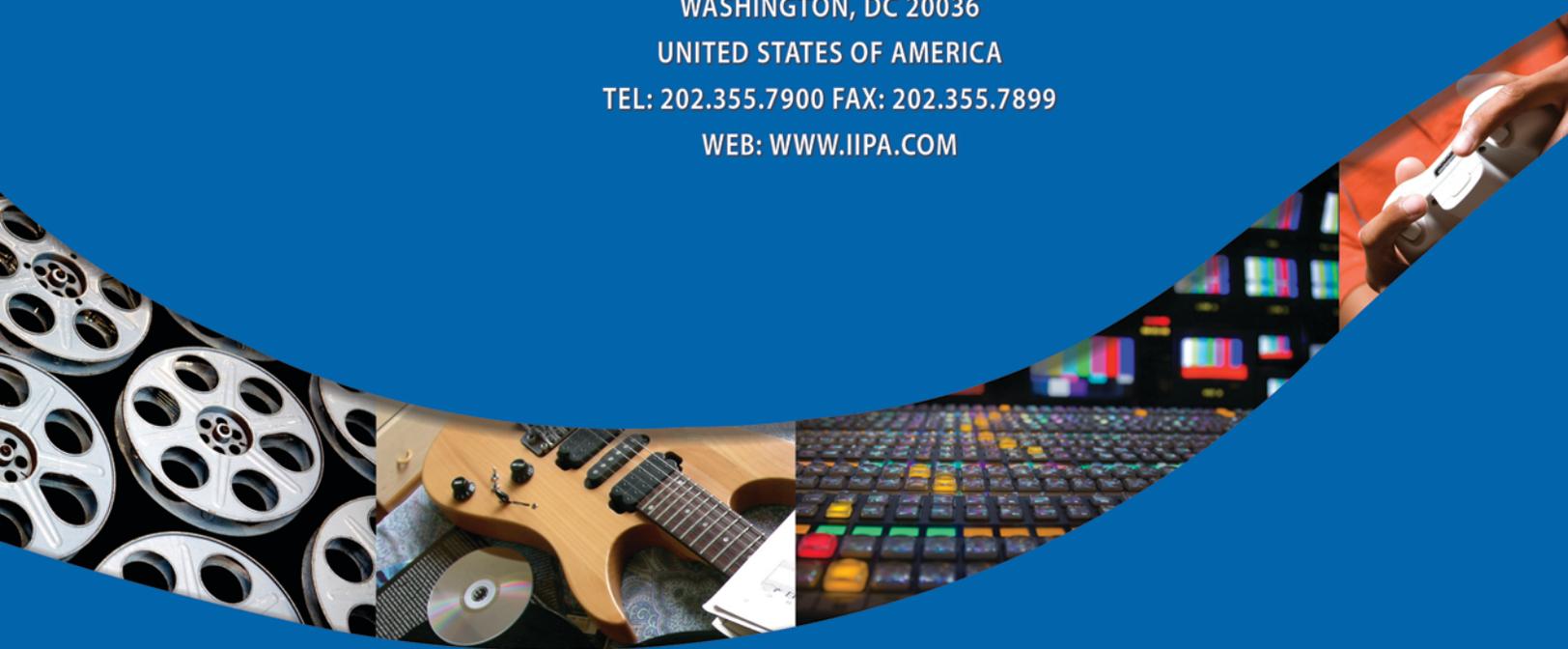
1818 N STREET, NW, 8TH FLOOR

WASHINGTON, DC 20036

UNITED STATES OF AMERICA

TEL: 202.355.7900 FAX: 202.355.7899

WEB: WWW.IIPA.COM



ISBN 978-0-9911233-1-5