

Abby Joyce
Brazil In The Third Millennium
Winter Term 2006

Louis Vuitton or Louis Fauxtton? Brazil's War On Piracy

In a typical year, millions of counterfeit cigarettes, medicines, t-shirts, toys, Ray Ban look-alikes, fake Nike sneakers, pirated DVDs, and software flood the Brazilian market. In fact, about half of all movies sold on DVD in Brazil are pirated copies. These faux products can be found just about everywhere in Brazil; on street corners, market stalls and even on President Luiz Inacio Lula da Silva's government jet (Andrade). A counterfeit copy of the infamous and Oscar nominated "Two Sons of Francisco" was found on Lula's jet while on a plane trip to Moscow. Two of the president's advisers were found at fault, and the government claims that the accused were suitably reprimanded for obtaining the pirated copy (Brazil's piracy under fire as Lula caught with contraband film). The consequences sustained by Brazil as a result of piracy have done serious harm to their economy, culture and the arts.

The battle against piracy began in mid-2001 with the introduction of the Anti-Piracy Inter-Ministerial Committee. The Committee considered piracy a social phenomenon that should be dealt with through education (Brazil's endemic piracy problem: New Report). The Committee ran commercials and ads through several forms Brazilian media to inform the people of Brazil of the negative effects piracy has on the job market, sales and the annual tax revenue that supports Brazil's public services and social programs like education and health care; harming the Brazilian consumers, entrepreneurs, workers and ultimately the economy. Due to lack of private sector involvement, the Committee was not able to accomplish its goals (Andrade).

A second attempt to battle the piracy situation took place in 2003 with the initiation of the Parliamentary Inquiry Committee on Piracy, or CPI. This new committee was formed to study the negative effects of piracy on Brazilian society and the economy. It examined affected sectors of Brazil's economy and confirmed the indisputable relationship between piracy and international organized crime (Rebelo).

That same year, the Brazil -U.S. Business Council, a private sector organization focused on promoting the free flow of trade and investment between Brazil and the United States, developed an analysis of the affects of piracy on the Brazilian economy. The Council reported losses in sales that extended from an estimated loss of \$14 million from book piracy to nearly \$350 million in lost recording industry sales to almost \$520 million in software piracy losses in 2003. Estimates of job loss varied by industry, but the Council found that the toy industry reported that is had lost 80,000 jobs to piracy in recent years, the recording industry estimated a loss of some 55,000 jobs over three years and the optics and lenses industry lost 8,000 jobs in 2003. Their report also hit upon the lost tax revenue due to piracy. They found that if software piracy were reduced by 10 percentage points, an additional \$335 million in tax revenue would have been generated between 2002 and 2003. In 2003, the cigarette industry reported that the government lost \$500 million a year in cigarette tax revenue. Piracy was also taking a toll on Brazil's foreign investment and know-how. Because of the piracy in Brazil, foreign investors

were and still are reluctant to invest in Brazil if new products can be copied easily, especially pharmaceuticals and software. Brazil is currently in a battle with the United States in regards to the patent rights to Aids drugs (Brazil-U.S. Business Council). The Council's report confirmed the indisputable relationship between piracy and international organized crime, with strong connections to drug trafficking and smuggling (2003 Brazil Piracy Fact Sheet).

Shortly following the initiation of the CIP and the publishing of the Brazil-U.S. Business Council's report, the Brazilian government decided to step in and take action against the seemingly immortal piracy market with the creation of the National Anti-Piracy Council, or CNCP. The CNCP established a joint effort involving the public sector and civil society. The CNCP constructed a 99-point action plan called the National Anti-Piracy Plan. The Plan covered the Legislative, Executive and Judiciary branches of power, at the federal, state and municipal levels. Its purposes were to educate consumers about the consequences of the criminal acts involved in piracy and pursue economic solutions to assist in its purge of piracy (Andrade).

Brazil is beginning to reap benefits from the implementation of this plan. Several task forces have been created and successfully apprehended massive amounts of pirated products, especially along the borders between Brazil, Paraguay and Uruguay (Rebello).

Within the first six months of 2005, 10.6 million CD's were apprehended and over 250 arrests were made. In January alone, apprehensions in the Tri-Border region, where Brazil, Paraguay and Uruguay meet, were up 92 percent compared to the year before. Hopefully this is sending a continuous and clear message to the perpetrators of these crimes (Brazil's endemic piracy problem: New Report).

There is still a well-established myth in Brazil that piracy can create jobs for under-privileged citizens. But the facts that must be acknowledged show that most counterfeit merchandise is produced beyond the country's borders, in locations as far away as China, or as close as Bolivia. As a result, hundreds of businesses are forced to shut down in Brazil every year, unable to survive against illegal competition from products unlawfully manufactured and imported (Triplett).

The war against piracy is far from over, and in spite of all that has been accomplished, countless pirated products are still available on the streets of Brazilian cities. It is imperative that the efforts to curb these practices continue, until counterfeiting is widely recognized by government and society at large as the serious threat that it represents for the Brazilian economy and its competitiveness. To that end, it is vital that any attempt to justify these crimes, or portray them as "normal," be strongly rejected.

For more information on this topic, please visit the following websites:

http://www.bloomberg.com/apps/news?pid=10000086&sid=aiVz7vok1v5A&refer=latin_america

<http://www.dannemann.com.br/site.cfm?app=article&dsp=article&pos=1.2&lng=en&grp=2&num=343>

<http://www.wired.com/news/business/0,1367,51135,00.html>

Works Cited

- "2003 Brazil Piracy Fact Sheet." Brazil. Dec. 2003. MPA Worldwide Market Research. 22 Dec. 2005
<http://www.mpaa.org/PiracyFactSheets/PiracyFactSheetBrazil.pdf>.
- Andrade, Juliana. "Brazil's Piracy, a Cultural Challenge." Brazzil. 01 Aug. 2004. Brazzil Magazine. 22 Dec. 2005
<http://www.brazzilfile.com/content/view/2062/1/>.
- "Brazil's endemic piracy problem: New Report." IFPI NEWS. 30 Jun. 2004. ifpi. 23 Dec. 2005
<http://www.ifpi.org/site-content/press/20040630.html>.
- "Brazil's piracy under fire as Lula caught with contraband film." Dannemann Siemsen. 16 Nov 2005. Bloomberg News. 22 Dec. 2005
<http://www.dannemann.com.br/site.cfm?app=article&dsp=article&pos=1.2&lng=en&grp=2&num=343>.
- "Brazil-U.S. Business Council." Brazil Corporate Mission Report. 30 May. 2003. Brazil-U.S. Business Council. 01 Jan. 2006
<http://www.brazilcouncil.org/displaycontent.asp?keyword=HomeEvents&NewsItemID=3358>.
- Rebelo, Paulo. "Brazil on Piracy: Just Say No." Wired.com. 20 Mar 2003. Lycos. 01 Jan. 2006
<http://www.wired.com/news/business/0,1367,51135,00.html>.
- Triplett, William. "U.S. to delay action on Brazil piracy push." News. 05 Apr. 2005. Variety.com. 23 Dec. 2005
<http://www.variety.com/article/VR1117920559?categoryid=1338&cs=1>.