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CENTRAL INTELLIGENCE AGENCY



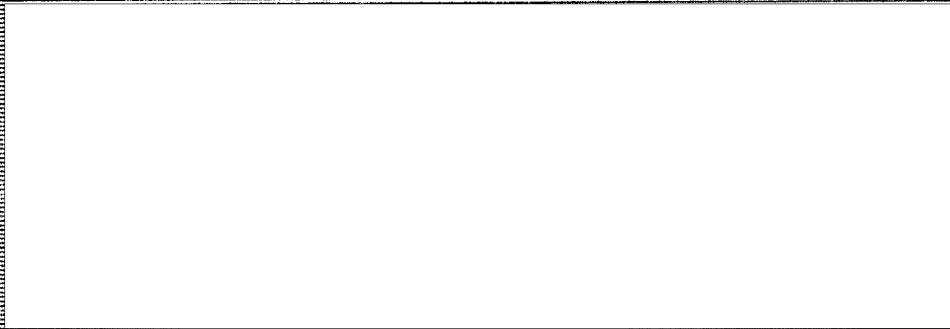
DIRECTORATE OF INTELLIGENCE

7 October 2002
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- Moscow's decision to establish a top-level task force to crack down on unlicensed audio and video recordings signals its recognition of the importance of more forceful enforcement of intellectual property rights.

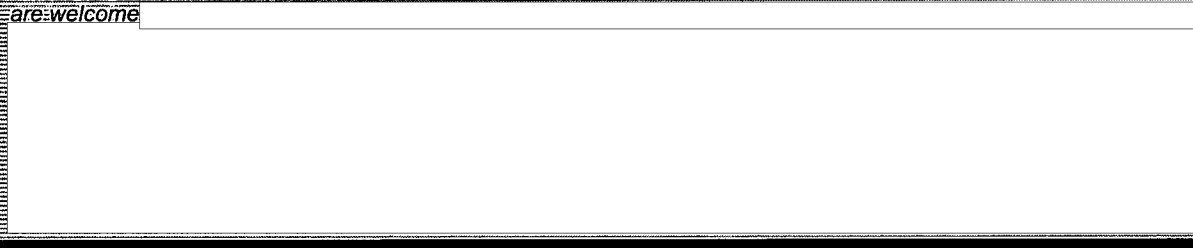


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The EID is prepared by analysts in the Office of Russian and European Analysis and features a first look at developing events. It is not coordinated outside of OREA. Comments are welcome.



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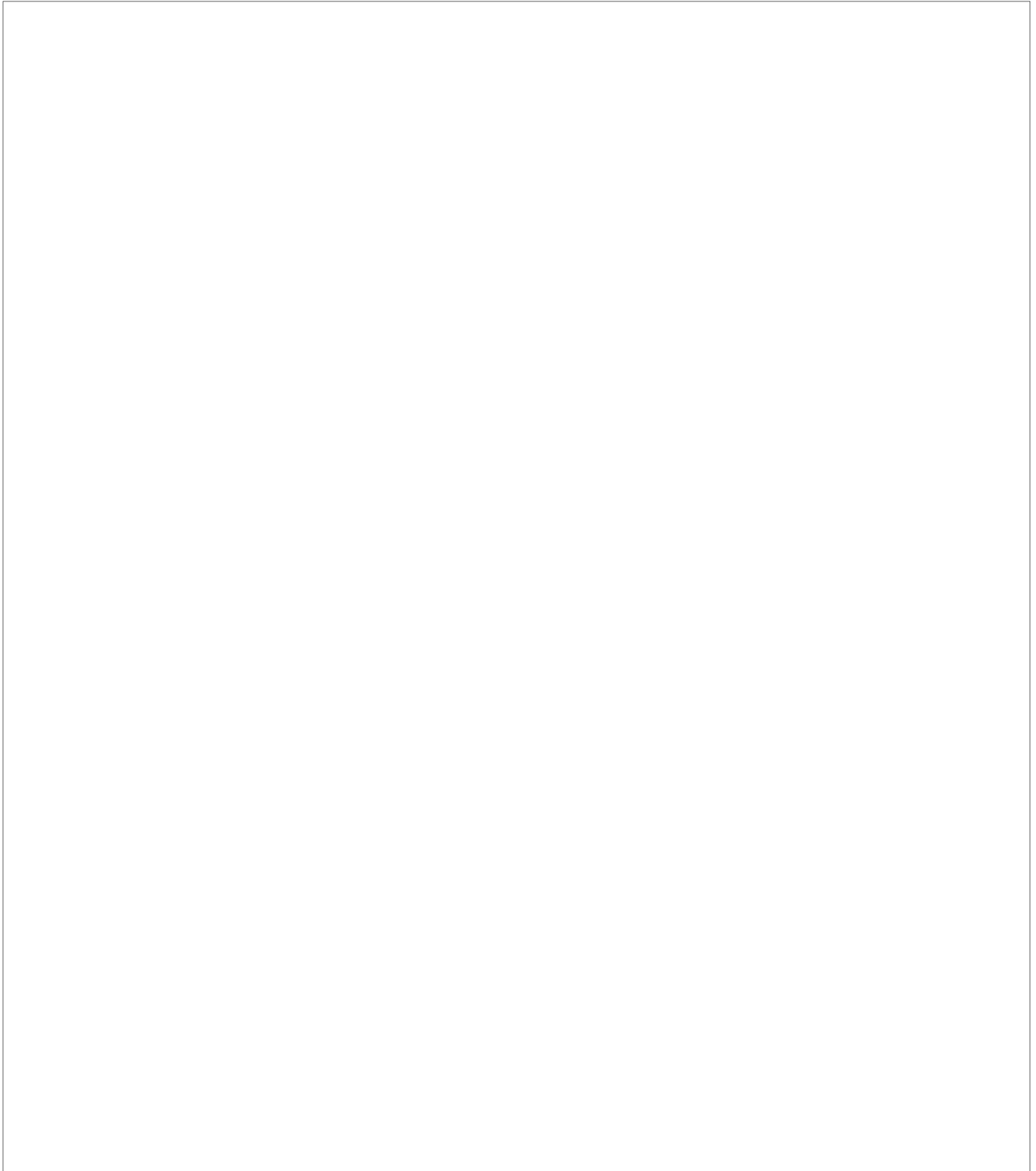
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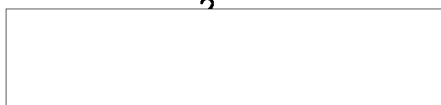


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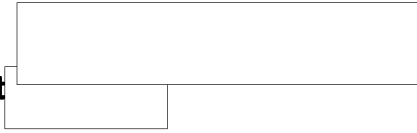


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4. Moscow Takes Action To Curb Recording Piracy. *Moscow's decision last week to establish a top-level task force to crack down on unlicensed audio and video recordings signals that the government recognizes the need for more forceful implementation of intellectual property (IP) rights.* Premier Kasyanov--who will chair the commission comprised of members from the Ministries of Culture, Economic Development and Trade, Internal Affairs (MVD), and Justice, as well as the Russian Patent Office--told the press that Russia's weak IP regime is a "hallmark of a backward country" and complained that foreign businessmen have told him overseas investment will not accelerate until IP enforcement improves.

- The MVD estimates that, last year, 50 percent of videocassettes, 64 percent of audiocassettes, and 90 percent of DVDs sold in Russia were illegally produced, with an annual turnover approaching \$5 billion.
- Production of unlicensed audio and video products has skyrocketed in recent years, with an increasing number targeted at the export market, according to industry analysts. 

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Press Minister Lesin, given the lead on IP enforcement by President Putin, has taken the course of least political resistance, focusing on closing down retail markets instead of halting illegal production. Lesin last week announced that he will give priority to shutting down outdoor stalls selling pirated products and setting up special stores selling only licensed goods. These vendors, however, told the press that they would set up elsewhere because licensed products are too expensive for average-income Russians to buy.

- As indication of the pirates' political influence, the MVD's list of 22 plants producing illegal audio and video products shows that three are leasing space on the premises of Russian ministries, eight are on Russian Control Systems Agency installations, and one is at a location controlled by the Presidential Affairs Administration. 

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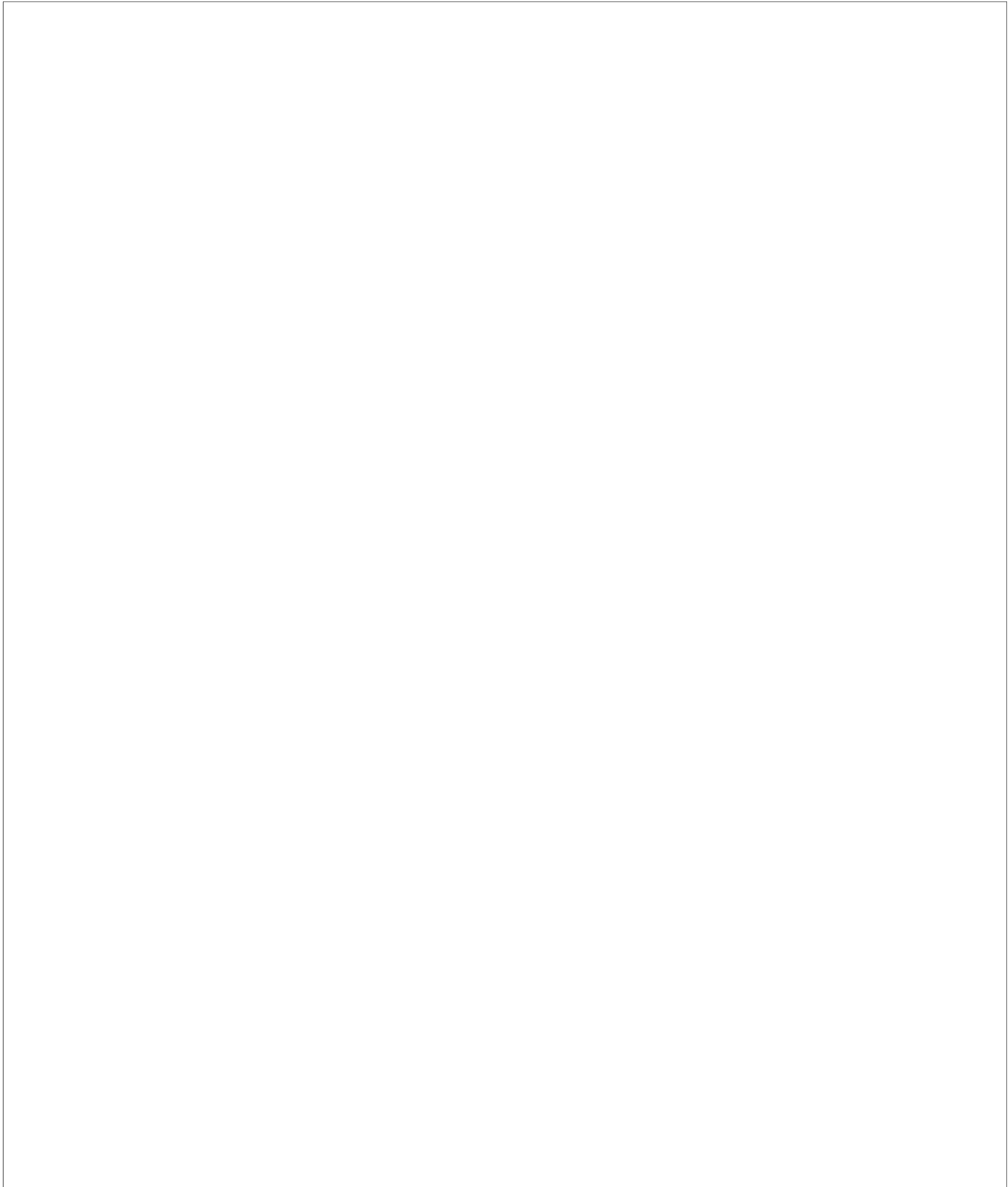
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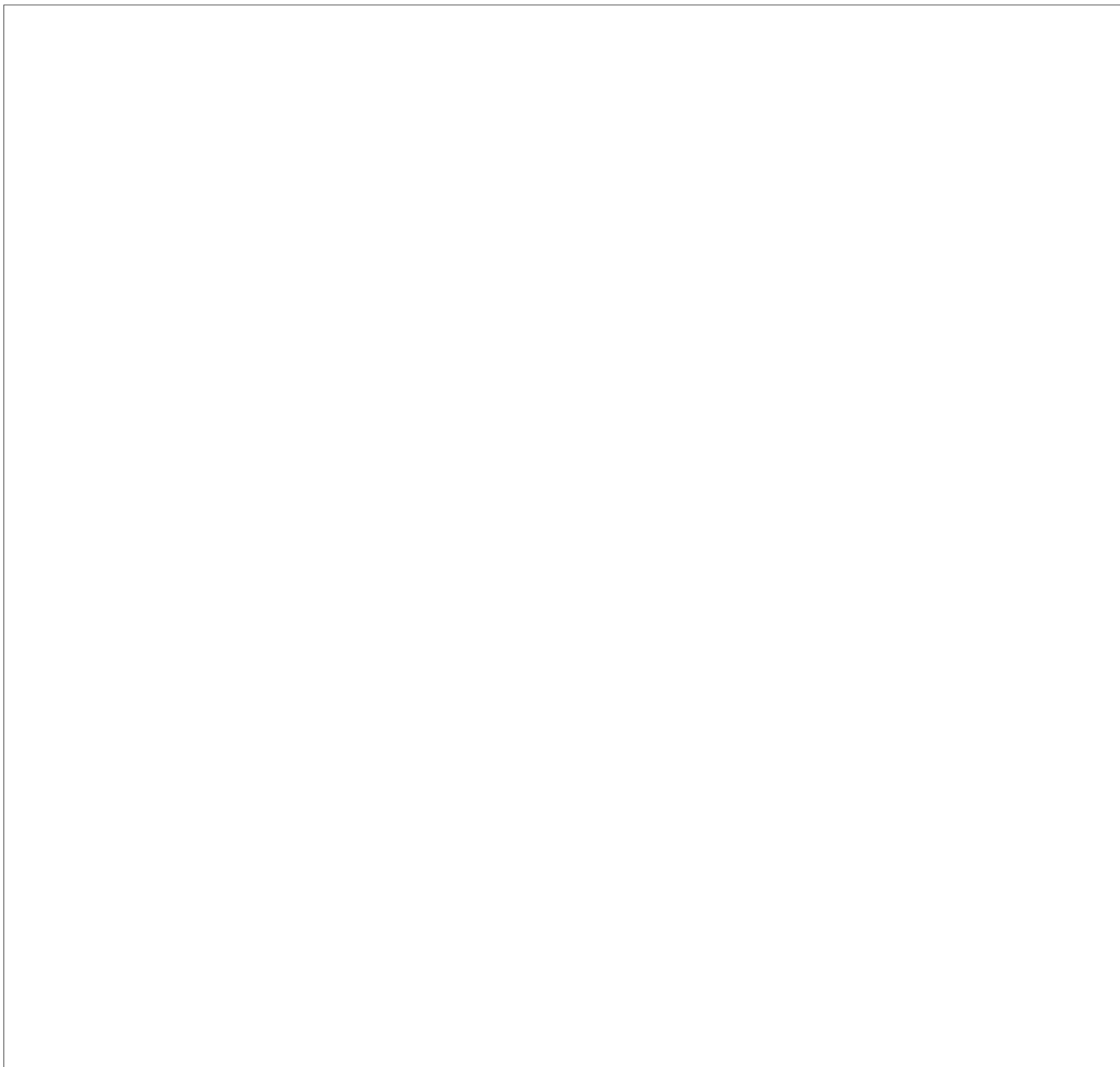
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