

# **Suggested Methodologies for Estimating Piracy**

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## **Outline**

- **Problems with Conventional Methods**
- **Econometric Techniques**
- **Borrowing from Trade Policy Literature**
- **Suggestions**
- **Examples from the Egyptian Economy**

## Problems with Conventional Methods

First: Lack of Data

Second: Different Nature of IP and specifically Copyright Industries and hence different forms of Piracy

Third: Dependence on BSA/IIPA estimates which are biased\*

Fourth: Advancement of Methods used to Catch Piracy

End Result: Increased Amount of Piracy Estimated which is not necessarily true

\*Number of Imported software minus total number of total software in a country used by PC users. The resulting number is the pirated software copies which is divided by the total number of software copies to arrive at piracy rate

## Case Study of Egypt

The establishment of a special police authority was associated with increasing number of cases caught (This aspect has to be controlled for)

Increasing the number of raids against resellers of films, software, etc

Issuing a comprehensive IPR Law in 2002

## Econometric Techniques

Regressing yearly rates of software piracy on:

- 1) The number of piracy raids registered by the authorities (controlling for enforcement)
- 2) Dummy to capture the effect of establishing new organizations or enacting new laws
- 3) Dummy to capture the effect of international agreements or new initiatives as discounting the price of sold software

## Problems associated with Econometric Techniques

- Limited number of observations
- Different scales of data

## Borrowing from Trade in Services Literature

- Estimating of tariff equivalents can be repeated for estimating “piracy exposure index”
- Methodology:  
Design a common questionnaire template for each sector capturing the specific aspects of each sector and each question has its own score and weight  
This weighted score is then inserted into a specific equation which gives us the piracy exposure rate

## Suggestions

- WIPO together with OECD should initiate this project which can be similar to WIPO initiative on measuring the contribution of copyright industries in the economy and OECD experience in measuring the tariff equivalent for services
- A common methodology should be distributed beginning with a pilot set of countries. This has been undertaken by the World Bank for trade in services and now it is generalized