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AFL-CIO EXECUTIVE COUNCIL UNANIMOUSLY SUPPORTS ANTI-PIRACY MEASURES

Orlando, Mar. 2 – The AFL-CIO Executive Council, at its meeting today in Orlando, unanimously adopted a statement on the subject of the theft of intellectual property. Submitted to the Council by the Department of Professional Employees on behalf of the entertainment unions and guilds affiliated with the AFL-CIO, the statement offers a detailed analysis of the harm done to U.S. workers by piracy. The statement said, in part, “Motion pictures, television, sound recordings and other entertainment are a vibrant part of the U.S. economy. They yield one of its few remaining trade surpluses. The online theft of copyrighted works and the sale of illegal CDs and DVDs threaten the vitality of U.S. entertainment and thus its working people.”

IATSE International President Matthew D. Loeb, a member of the AFL-CIO Executive Council, said “This is a strong statement of support from the AFL-CIO in our fight against the theft of product upon which the members of the entertainment industry unions and guilds depend. We will continue to pursue every avenue we can to stop digital theft.”

“While we support increased broadband access for all Americans, its important to remember that downloading illegal content is the same as walking into a record or book store and stealing a CD or DVD,” said AFTRA National President Roberta Reardon, who is also a member of the AFL-CIO Executive Council. “Recording artists, for example, earn more than 90% of their income through the physical and digital download sales of their albums, and stealing their work – as well as that of actors, singers, dancers and other professional talent – seriously threatens their ability to earn a living and support their families. Moreover, the online theft of copyrighted – and uniquely American – material severely depresses the domestic job market by making it difficult for our members to find new work and continue producing the creative works that enrich our culture and our economy.”

SAG President Ken Howard said, "I'm grateful to AFL-CIO President Rich Trumka and members of the executive council for their resounding approval of the resolution against digital theft. Today's action provides important support to the tens of thousands of men and women in the entertainment industry whose jobs are threatened by illegal duplication and download of movies and television shows."

AFL-CIO President Richard Trumka issued the following statement: "The AFL-CIO fully supports entertainment workers, and stands behind them in the fight against the theft of the products they work on and create."

Paul Almeida, president of the AFL-CIO Department of Professional Employees, who put forward the statement to the AFL-CIO Executive Council, said, "It's critical for all union members to support any actions possible in the fight against piracy."

Here is the entire text of the AFL-CIO statement:

PIRACY IS A DANGER TO ENTERTAINMENT PROFESSIONALS

*Submitted by the Department for Professional Employees, AFL-CIO (DPE)
for the Arts, Entertainment and Media Industries Unions Affiliated with DPE*

Motion pictures, television, sound recordings and other entertainment are a vibrant part of the U.S. economy. They yield one of its few remaining trade surpluses. The online theft of copyrighted works and the sale of illegal CDs and DVDs threaten the vitality of U.S. entertainment and thus its working people.

The equation is simple and ominous. Piracy costs the U.S. entertainment industry billions of dollars in revenue each year. That loss of revenue hits directly at bottom-line profits. When profits are diminished, the incentive to invest in new films, television programs, sound recordings and other entertainment drops. With less investment in future works comes less industry activity that directly benefits workers: fewer jobs, less compensation for entertainment professionals and a reduction in health and pension benefits.

Combating online theft and the sale of illegal CDs and DVDs is nothing short of defending U.S. jobs and benefits. In the case of music, experts estimate that the digital theft of sound recordings costs the U.S. economy \$12.5 billion in total output and costs U.S. workers 71,060 jobs.¹ In the motion picture industry, piracy results in an estimated \$5.5 billion in lost wages annually, and the loss of an estimated 141,030 jobs that would otherwise have been created.²

¹ Siwek, Stephen. (8/21/07). *The True Cost of Sound Recording Piracy to the U.S. Economy*. Retrieved from:
<http://www.ipi.org/IPI/IPublications.nsf/PublicationLookupFullText/5C2EE3D2107A4C228625733E0053A1F4>

² Siwek, Stephen. (9/20/06). *The True Cost of Sound Recording Piracy to the U.S. Economy*. Retrieved from:
<http://www.ipi.org/IPI/IPublications.nsf/PublicationLookupFullText/E274F77ADF58BD08862571F8001BA6BF>

Illegal CDs and DVDs have afflicted even live theatre. Websites sell illegal DVDs of Broadway shows, which reduces sales of tickets and authorized CDs and DVDs. Selling illegal CDs or DVDs of plays, musicals and other shows not only steals the work of the entertainment professionals, but makes quality control impossible.

Most of the revenue that supports entertainment professionals' jobs and benefits comes from the sale of entertainment works including sales in secondary markets—that is, DVD and CD sales, legitimate downloads, royalties and, in the case of TV shows or films, repeated airings on free cable or premium pay television. Roughly 75 percent of a motion picture's revenues comes after the initial theatrical release, and more than 50 percent of scripted television production revenues are generated after the first run.

In most work arrangements, a worker receives payment for his or her effort at the completion of a project or at set intervals. The entertainment industry, however, operates on a longstanding unique business model in which compensation to workers—pay and benefit contributions—comes in two stages. Film, television and recording artists, as well as film and television writers, receive an initial payment for their work and then residuals or royalties for its subsequent use. Those payments also generate funds for their health and pension plans. The below-the-line workers, the craft and technical people who manage equipment, props, costumes, makeup, special effects and other elements of a production, also receive compensation for their work, while payment for subsequent use goes directly into their health and pension plans.

Motion picture production is a prime example. The professionals involved with the initial production of a film—the actors who perform, the craftspeople behind the scenes, the musicians who create the soundtrack and the writers who craft the story—each receive an initial payment for their work. When that work is resold in the form of DVDs or CDs, or to cable networks or to airlines or in foreign sales, a portion of these “downstream revenues” are direct compensation to the film talent or recording artists who were involved in those productions or recordings.

These residuals help keep entertainment professionals afloat between projects. Entertainment professionals may work for multiple employers on multiple projects and face gaps in their employment. Payment for the work they have completed helps sustain them and their families through underemployment and unemployment. For AFTRA recording artists in 2008, 90 percent of income derived from sound recordings was directly linked to royalties from physical CD sales and paid digital downloads. SAG members working under the feature film and TV contract that same year derived 43 percent of their total compensation from residuals. Residuals derived from sales to secondary markets funded 65 percent of the IATSE MPI Health Plan and 36 percent of the SAG Health and Pension Plan. WGAE-represented writers often depend on residual checks to pay their bills between jobs; in some cases, the residual amounts can be as much as initial compensation. Online theft robs hard-earned income and benefits from the professionals who created the works.

There are tools that can be used to fight digital piracy. Internet service providers (ISPs) have the ability to find illegal content and remove or limit access to it. To be truly effective, these sanctions must depart from the costly and ineffective legal remedies traditionally employed to counter theft of copyrighted material. The European Union is

developing and implementing model policies for which the trade union movement is providing strong and critical support. These policies illustrate that there are answers that make sense in a digital age.

At the core of any effort to combat digital theft is reasonable network management, which should allow ISPs to use available tools to detect and prevent the illegal downloading of copyrighted works. With respect to lawfully distributed content, ISPs should not be allowed to block or degrade service so that both consumers and copyright would be protected.

The unions of the AFL-CIO that represent professionals in the Arts, Entertainment and Media Industries (AEMI) include Actors' Equity Association (AEA), the American Federation of Musicians (AFM), the American Federation of Television and Radio Artists (AFTRA), the American Guild of Musical Artists (AGMA), the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts (IATSE), the International Brotherhood of Electrical Workers (IBEW), the Office and Professional Employees International Union (OPEIU), the Screen Actors Guild (SAG) and the Writers Guild of America, East (WGAE). The AEMI unions are wholly in support of the widest possible access to content on the Internet and the principles of net neutrality, so long as intellectual property rights—and the hundreds of thousands of jobs that are at stake—are respected.

Some would like to portray the debate over Internet theft as one in which a few wealthy artists, creators and powerful corporations are concerned about “giving away” their “product” because they are greedy and cannot change with the times to create new business models. The hundreds of thousands of people represented by the AEMI unions of the AFL-CIO are a testament to the falsity of that proposition.

Online theft and the sale of illegal CDs and DVDs are not “victimless crimes.” Digital theft costs jobs and benefits. It is critical, at this important moment in the evolution of the Internet and potential Internet policy, for union members and leaders to publicly and visibly engage in a sustained effort to protect members' livelihoods, the creation and innovation that are the hallmark of their work and the economic health and viability of the creative industries in this country. The AEMI unions and other unions in U.S. entertainment stress that pirated content is devastating to the entertainment professionals who create the underlying works.

The AFL-CIO strongly supports the efforts of the AEMI unions and the Department for Professional Employees, AFL-CIO, to combat piracy. It commends their work with government and industry to develop workable solutions to protect the interests of their members. The AFL-CIO urges its affiliate unions to educate their members about the adverse impact of piracy; to support efforts to ensure that government officials and lawmakers are aware of, and support the protection of, entertainment industry jobs that will be lost to online theft; to encourage their members to respect copyright law; and to urge their members, as a matter of union solidarity, to never illegally download or stream pirated content or purchase illegal CDs and DVDs.

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The IATSE is an International Union that represents members employed in the stagecraft, motion picture and television production, and trade show industries throughout the United States, its Territories, and Canada.

(For background information on the International Alliance of Theatrical Stage Employees: www.iatse-intl.org.)

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