



Economic contribution of Intellectual Property

The economic contribution of IP to the UK is immense. The creative industries continue to generate around 8% of the UK's annual GDP and support nearly 2 million jobs. On top of that, the branded goods industries support the UK economy through employment, research & development and taxation; brand manufacturing still accounts for 14% of UK manufacturing and over £50 billion of gross output. Add to this other industries which depend on IP such as software, sport and retailing and it becomes clear why a robust system of IP protection is crucial and why proper research into IP's contribution to the economy is essential. Protecting IP protects the economy, and tax revenues, but without an assessment of IP's economic contribution it is impossible to conduct a proper cost-benefit analysis of IP enforcement.

The Alliance is working to ensure this substantial and growing contribution is known, understood and appreciated and that policies develop which guarantee this contribution in the future, and looking to the Strategic Advisory Board for IP (SABIP) to conduct such a piece of economic analysis.

Facts and figures

- In February 2009 the Audio-visual industry in the UK revealed that it currently loses about £531m in the UK each year from the direct impact of cannibalisation of revenues due to copyright theft, equating to a total economic loss to the economy of £1.222 billion. The research by Oxford Economics found that some very simply changes to IP law could boost UK economic output by £614m (net of the costs of enforcement). This research has not been replicated across all industries dependent on IP but clearly such research is essential if the government is to accurately assess what level of resource should be committed to combating IP crime.
- The music industry estimates it lost £180m in 2008 from digital copyright theft alone, and estimates it will lose £1.2bn between 2007 and 2012, while the games software industry estimates its annual total losses at £350m.
- The business software sector is losing £1bn a year through IP theft, and calculates that reducing software piracy by 10% over the next four years (currently at 27%) would generate more than £6bn in economic growth.
- Manufacturing and retail are similarly affected with research conducted by the Alliance and Anti-Counterfeiting Group showing that the trade in counterfeit clothing and footwear costs legitimate businesses £3.5bn annually.