

# The Economic Contribution of Copyright-Based Industries in Malaysia



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## 1. Executive Summary

### Introduction

This study estimates the size of the creative and the information sectors in the Malaysian economy that are protected by copyright, collectively known as copyright-based industries. There is now a growing body of evidence on the increasing importance of copyright-based activities in national growth and development. A number of countries have carried out studies to estimate the size of copyright-based industries in their economies.

This study is a pilot project to comprehensively and systematically define, identify and estimate the economic contribution of copyright-based industries to the Malaysian economy. It uses the framework and guidelines recommended by WIPO to quantify the contribution of copyright-based activities in terms of value added, employment and foreign trade.

WIPO defines copyright-based industries as industries that are engaged in the creation, production, performance, broadcast, communication or distribution and sales of protected materials. This represents the "core" copyright industries. However, in measuring the economic impact, WIPO recognizes the importance of including the "non-core" activities that support or are related to the "core" activities such as distribution and consumption.

Using WIPO's framework, Malaysia's copyright industries are classified into four groups:

- The *core* copyright industries, which create copyright materials as their primary product;
- The *inter-dependent* copyright industries, which support and facilitate the creation of copyright works;
- The *partial* copyright industries, where only a portion of the industry activities are associated with the creation of copyright works;
- The copyright *distribution* industries, which facilitate the distribution of copyright materials to businesses and consumers.

### Economic Contribution of Copyright-Based Industries

In 2005, the estimated total contribution of copyright-based industries to the Malaysian economy was:

- RM30.2 billion of value added (5.8 per cent of GDP)
- 817 thousand jobs (7.5 per cent of nationwide employment)
- RM3.1 billion worth of exports (1.0 of total exports)

Malaysia's copyright-based industries have recorded remarkable growth in recent years. Value added in real terms grew at an annual average of 11.1 per cent from 2000 to 2005, surpassing the national growth rate of 6.6 per cent. As a result, their contribution to GDP rose from 4.7 per cent to 5.8 per cent during this period. Likewise, employment grew at 10.7 per cent or three times that at the national level. The strong performance of these industries has increased their share of the nationwide workforce from 5.3 per cent in 2000 to 7.5 per cent in 2005.

Trade data does not capture the full contribution of copyright industries to the economy, as it generally tends to underestimate its true value. However, broad trends in the trade of copyrighted products do provide some indication on their performance. Interestingly, the trade balance turned positive in 2005 from a net loss of RM0.5 billion in 2000, due in large part to double-digit growth in the export of copyrighted products.

Copyright-based industries have performed extremely well in comparison to other services and resource-based industries in the economy. They make a larger contribution to GDP and employment compared to construction, transport and storage, and business services. Their relative growth is much more significant. The total copyright-based industries registered the second highest growth of 11.1 per cent per annum from 2000 to 2005, after mining and quarrying (13.1 per cent).

The productivity of the copyright-based industries in 2005 was RM34,848, which was higher than that for agriculture, construction and government services but lower than manufacturing, mining and quarrying, and transport and storage, and communications. The industries exhibited a productivity growth of 0.4 per cent per annum from 2000 to 2005. The characteristic nature of the creative group of industries in generating employment explains the slow productivity growth.

Data and information on the copyright-based industries are far from adequate. One of the main reasons is the higher incidence of microenterprises and individual operators in the creative and information sectors – a characteristic phenomenon of these industries worldwide. There is also an apparent lack of awareness of the importance of copyright among consumers as well as producers of copyright works.

Knowledge and content that underpin copyright-based activities have emerged as the main factors of economic growth, and as the nation shifts towards a service-oriented economy, copyright will become more significant. Therefore, it is essential that the copyright-based industries be closely monitored, evaluated and prioritized. It is within this context that the following recommendations are made.

- Establish an institutional framework to facilitate systematic and regular data collection and reporting on copyright-based industries. This should be part and parcel of ongoing efforts by the Department of Statistics to improve the database on the services sector. A Working Committee led by MyIPO and with representation from the Department of Statistics and all agencies related to copyright-based industries such as the Ministry of Unity, Culture, Arts and Heritage, Ministry of Communications, Energy and Water, Ministry of Information, the Central Bank, Copyright Collecting Societies and all relevant industry organizations should be set up to explore the most cost-effective means to generate key economic data on copyright-based industries. Ongoing establishment and household surveys must be reviewed to evaluate how they can be expanded and improved to generate data on creative industries protected by copyright. All secondary sources of data on copyright industries must be identified, and the agencies collating such data must be made responsible for producing them on a regular basis.
- The Department of Statistics should team up with the relevant industry organizations and provide professional assistance to facilitate the generation of key industry statistics at a more disaggregated level on a regular basis.
- It would also be timely and useful to generate more detailed trade data on the services sector with the shift towards a service-based economy and the growing importance of trade in services at the bilateral and multilateral negotiations. This would allow more accurate estimates of trade in copyrighted products. Inter-agency collaboration between the relevant agencies in the public and private sectors has to be beefed up to initiate data collection and reporting on trade in services.
- More in-depth sector-specific studies of the creative and informative sectors that are protected by copyright must be carried out. To begin with, a vertical analysis of the nine sub-sectors of the core copyright industries should be carried out. Such studies can assist in improving the assessment of the contribution of copyright-based industries to the economy as well as identify the issues and challenges faced by the industry to prioritize policies.

- MyIPO should launch programs such as workshops, seminars and advocacy campaigns in collaboration with the copyright-based industry organizations to enhance awareness of the importance of copyright among both consumers and creators of copyrighted works.
- The study provides strong empirical evidence of the dynamism of the copyright-based industries in Malaysia, demonstrating their key role in the nation's drive towards a knowledge and information-based economy. The study is at best an exploratory study that contributes to more evidence-based policy-making with respect to the development of copyright-based industries within the context of the overall development of the economy.

## 1. Introduction

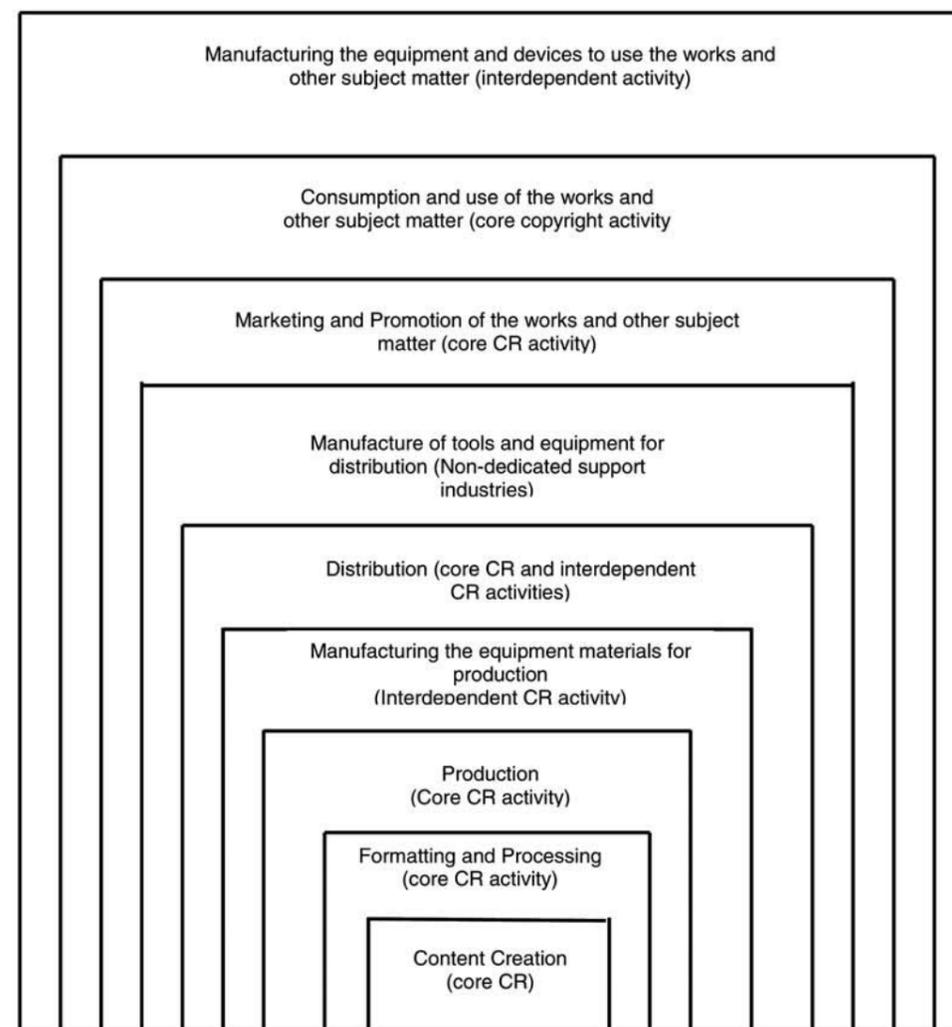
### 1.1 Background and Context

There has been a worldwide increase in the contribution of copyright and related rights-based industries (hereafter termed copyright-based industries) to the economy, driven largely by developments in information and communications technology (ICT). With the advent of ICT, the scope of copyright protection has expanded beyond the narrower confines of the cultural and social dimensions to include the information economy. As a result, copyright has emerged as an enabling tool for the growth and development of an increasing number of industries, especially in the service sector. Without copyright protection, incentives to engage in creative activities are weakened.

WIPO defines copyright-based industries as “industries engaged in creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter” (WIPO, 2003, p.29). This represents the “core” copyright industries. However, in measuring the true economic contribution of copyright-based industries to the economy, WIPO acknowledges the importance of incorporating the multiple effects of copyright on the economy, i.e. the contribution of the “non-core” activities that support or are interrelated to the core copyright industries with regard to such distribution and equipment manufacturing (see Figure 1.1).

The growing importance of copyright in changing the economic landscape has been acknowledged by an increasing number of international studies on the economic contribution of copyright-based industries. This study is the first of its kind to comprehensively define, identify and estimate the relative economic contribution and performance of copyright industries in Malaysia.

**Figure 1.1 Economic Activities Relating to Production, Packaging, and Distribution of Materials Protected by Copyright and Related Rights**



Note: CR – Copyright  
Source: WIPO, 2003, p.299

### 1.2 Objective of the Study

The principal objective of the study is to define copyright-based industries in Malaysia and to estimate their relative economic contribution to the economy. The scope of the study is as follows:

- Define and identify the copyright-based industries in Malaysia using the 2000 Malaysian Standard Industrial Classification (MSIC);
- Provide an overview of copyright laws and institutions in Malaysia;
- Undertake an assessment of the economic contribution of copyright-based industries to the Malaysian economy in terms of value added, employment and trade from 2000 to 2005;
- Carry out an international comparative analysis of copyright-based industries; and
- Analyze the performance and economic impact of copyright industries.

### 1.3 Defining Malaysia's Copyright-Based Industries

One of the core tasks of the study is to clearly define what constitutes Malaysia's copyright-based industries. Different country studies have adopted different definitions, but with the publication of the WIPO guidelines in 2003, there has been some convergence in the definitions and indicators used to estimate the economic contribution of copyright-based industries to the economy. To ensure consistency and comparability of data over time and across countries, Malaysian copyright-based industries are also classified using WIPO's guidelines and recommendations.

WIPO classifies copyright-based industries comprehensively into four main industry groups based on their degree of dependence on copyright activities. The list of industry subsectors under each broad group of copyright activities is detailed in Table 1.1.

**Table 1.1 List of Copyright-Based Industries in Malaysia Based on WIPO Classification**

Major Industry Group	Industry Subsectors
i. Core Copyright Industries	<ol style="list-style-type: none"> <li>1. Press and Literature</li> <li>2. Music, Theatrical Production and Opera</li> <li>3. Motion Picture and Video</li> <li>4. Radio and Television</li> <li>5. Photography</li> <li>6. Software and Databases</li> <li>7. Visual and Graphic Arts</li> <li>8. Advertising Services</li> <li>9. Copyright Collecting Societies</li> </ol>
ii. Interdependent Copyright Industries	<ol style="list-style-type: none"> <li>1. TV Sets, Radios, VCRs &amp; DVD Players</li> <li>2. Computers and Equipment</li> <li>3. Musical Instruments</li> <li>4. Photographic and Cinematographic Instruments</li> <li>5. Photocopiers</li> <li>6. Blank Recording Material</li> <li>7. Paper</li> </ol>
iii. Partial Copyright Industries	<ol style="list-style-type: none"> <li>1. Apparel, Textiles and Footwear</li> <li>2. Jewelry and Coins</li> <li>3. Other Crafts</li> <li>4. Furniture</li> <li>5. Household Goods, China and Glass</li> <li>6. Wall Coverings and Carpets</li> <li>7. Toys and Games</li> <li>8. Architecture, Engineering, Surveying</li> <li>9. Interior Design</li> <li>10. Museum</li> </ol>
iv. Non-Dedicated Support Industries	<ol style="list-style-type: none"> <li>1. General Wholesale and Retailing</li> <li>2. General Transportation</li> <li>3. Telephony and Internet</li> </ol>

Note: The list of industries for each of the major industry groups and the respective MSIC Codes is detailed in Appendix Tables 1 to 4.

Source: Adapted from WIPO, Guide on Surveying the Economic Contribution of the Copyright-Based Industries, WIPO Publication, No. 893(E), 2003.

#### i. Core Copyright Industries

The core copyright industries are industries wholly engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition or distribution and sales of works and other protected subject matter (WIPO, 2003, p.29). There are nine industries that are entirely dependent upon copyright protection for their activities.

#### ii. Interdependent Copyright Industries

The interdependent copyright industries are industries that are engaged in production, manufacture and sale of equipment whose function is wholly or primarily to support and facilitate the creation, production or use of copyright protected subject matter (WIPO, 2003, p.33).

These are industries that produce products jointly consumed with the core industries. For example, the transmission of entertainment programs requires a television.

#### iii. Partial Copyright Industries

The partial copyright industries are industries in which only a part of the production is linked to copyright protected material, such as design, architecture, apparel, jewelry and other crafts. Products by these industries may have a registered design as well as copyright protection. Only the element that is protected by copyright legislation is included.

#### iv. Non-Dedicated Support Industries

The non-dedicated support industries only remotely rely on copyright material and where copyright generates only a very small fraction of their business. That portion of activities "related to facilitating broadcast, communication, distribution or sales of works and other protected subjected matter and whose activities are not included in the core copyright industries" are incorporated into this group (WIPO, 2003).

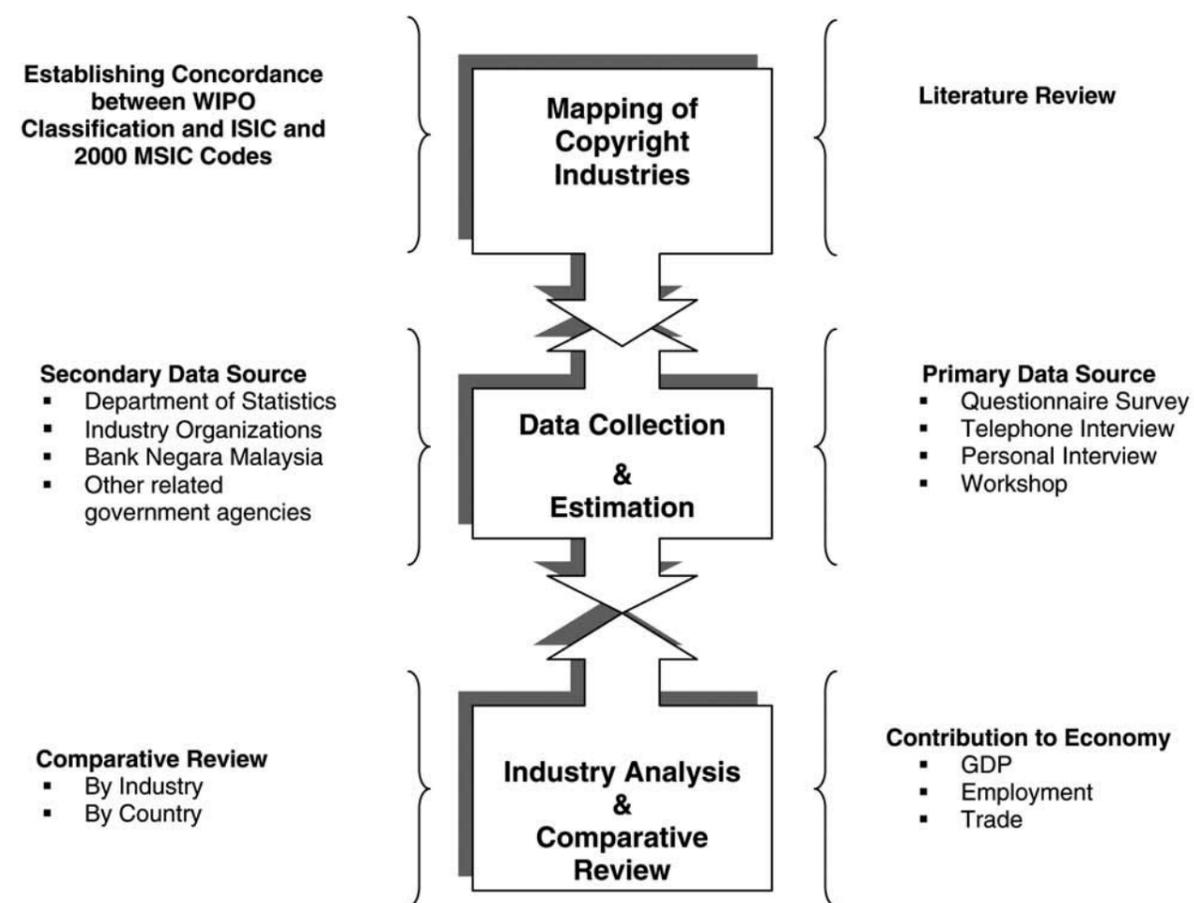
### 1.4 Approach and Methodology

The approach and methodology used in the study are based on the guidelines and recommendations by WIPO. The study has also benefited from the experiences reported in a number of country reports on the estimation of the size of the copyright-based industries in their economies (see reference). The major steps are detailed in Figure 1.2 and discussed in detail below.

#### i Mapping of Copyright-Based Industries

A thorough literature review was carried out to determine the scope and definition of copyright-based industries in Malaysia, and the methodology and techniques to estimate the economic contribution of copyright-based industries to the Malaysian economy. Great caution was exercised to avoid double counting.

WIPO defines copyright-based industries using the International Standard Industrial Classification (ISIC) Codes. This enabled the mapping of the copyright-based industries in Malaysia into the WIPO framework by determining the concordance between the ISIC Codes and the 2000 Malaysian Standard Industrial Classification (MSIC) Codes. The detailed mapping of Malaysia's copyright-based industries using WIPO definitions and MSIC Codes is given in Appendix 1.

**Figure 1.2 Study Approach and Methodology**

## ii. Data Collection and Estimation

### a. Secondary Data Collection

The primary source of data for estimating the contribution of copyright-based industries to the economy was the Department of Statistics (DOS). Data on value added and employment at the five-digit MSIC code was readily available from a number of annual establishment surveys. The use of DOS data also ensures consistency in data measurement methodology over time and across industries.

Data on value added and employment for the majority of copyright-based industries at the five-digit MSIC code were collected from the following establishment surveys:

- Annual Survey of Manufacturing Industries;
- Census of Distributive Trades;
- Quarterly Report on Distributive Trades;
- Transport and Communications Services Statistics;
- Annual Survey of Communications Industries; and
- Information and Communications Technology Services Statistics.

However, not all of the copyright-based industries were covered by the establishment surveys. For the smaller industries, data on value added was gathered by DOS on a less regular basis for national accounts tabulation. Data for the missing years was extrapolated from the figures available for 2000 and 2003, and verified with estimates on industry growth through personal interviews and secondary data. Similarly, data on employment was sourced from the 1991 and 2000 Population Census to estimate employment data at the five-digit MSIC code. Trade data on copyrighted products were identified at the eight-digit SITC code and sourced from the DOS.

Data on copyright-based industries were collected for the years 2000 to 2005, as 2005 is the latest year for which data are available. The year 2000 was chosen as a base year as it was a census year for most industries. It also marked the launching of a number of new establishment surveys to capture the contribution of non-traditional industries, especially in the services sector, that had altered the Malaysian industrial landscape.

The overall impact of core copyright industries on the economy was estimated using a computable general equilibrium model of Malaysia (MGEM). The CGE model was built using the 2000 Input-Output (I-O) table. Hence, Malaysia's copyright-based industries were redefined using the I-O industry classification and the MSIC/WIPO industry classifications (See Appendix 3).

Nominal data was converted to real terms using the GDP deflator.

### b. Primary Data Collection

Primary data and information were gathered through a nationwide sample survey and personal interviews. A nationwide survey of 1,200 companies located throughout the country was carried out from November 2007 to March 2008. The main purpose was to estimate the degree of copyright content in the interdependent, partial and non-dedicated support industries. For the first batch, a detailed questionnaire as shown in Appendix 4 was mailed out. Since most of the data required could be sourced from the Department of Statistics, a shorter version of the questionnaire focusing on the copyright content was used for subsequent surveys.

Out of the 800 questionnaires mailed to firms in the "non-core" copyright industries, a total of 30 responses (3.8 per cent) were received. To increase the response rate and to ensure that all subsectors are included in the responses, telephone interviews and online survey were also carried out focusing on the copyright-related questions. A total of 63 companies in the "non-core" copyright industries were interviewed, raising the response rate to 11.6 per cent. Telephone interviews were more useful since additional questions could be posed to assess the copyright content of their activities. Of the 400 questionnaires mailed to companies in the "core" copyright industries, 16 responded. Their responses provided a better understanding of the copyright activities in the country.

### c. Data Estimation

As explained earlier, WIPO has identified copyright-based industries into two broad categories, i.e. the "core" and "non-core" copyright industries. The contribution of core copyright industries was simple and direct as all of the value added and employment of the industries was attributed to copyright activities. There were a total of nine industries in the core copyright group.

As for the non-core copyright industries, not all of their activities can be attributed to copyright protection. For each of these non-core industry groups, the data collected had to be adjusted by using copyright factors to estimate the value added and employment of the industries attributable to copyright activities. The

copyright factors determine the proportion of value added or employment that is derived from creative and copyright activities. The copyright factor was primarily determined through the nationwide survey of industries in the respective industry group and personal and telephone interviews of key personnel in the companies.

It is apparent that the estimation of copyright activity attributable to the “non-core” group of industries is less precise. Therefore, a great deal of caution was exercised in determining the copyright factors. Adequate feedback from industries and literature review was carried out to ensure the contribution of the “non-core” industries was neither overestimated nor severely underestimated. A detailed explanation of the determination of copyright factors used is given in Appendix 2.

## 2. An Overview of Copyright Laws and Institutions

### 2.1 Introduction

Copyright protection in Malaysia has a very long history dating back to 1902. However, the first locally enacted statute uniformly applicable to all of the country's states was the 1969 Copyright Act. The 1969 Copyright Act was later repealed and replaced by the 1987 Copyright Act to provide for stronger deterrence against copyright infringements.

Today, the 1987 Copyright Act governs copyright protection in Malaysia. The 1987 Copyright Act has, however, undergone several amendments to keep abreast of the latest industry developments and international standards. The major amendments and their motivations are highlighted in Table 2.1.

Copyright is the exclusive right given to the owner of the copyright for a specific period. The Act provides comprehensive protection for copyrightable works by outlining the nature of works eligible for copyright, the scope of protection, and the manner in which the protection is accorded.

### 2.2 Protection of Copyrights

Works eligible for copyright protection under the 1987 Copyright Act include the following:

- Literary, artistic and musical works (computer programs are treated as literary works);
- Published editions of such works;
- Sound recordings;
- Films;
- Broadcasts; and
- Derivative works, i.e. works derived from works eligible for copyright.

**Table 2.1 Milestones in the Development of Malaysia's Copyright Act 1987**

Year	Rationale for Amendments
1990	<ul style="list-style-type: none"> <li>▪ To enable Malaysia to become a signatory to the Berne Convention for the Protection of Literary and Artistic Works.</li> </ul>
1996	<ul style="list-style-type: none"> <li>▪ To provide for compounding of minor offences.</li> <li>▪ To redefine works protected under the Industrial Design Act.</li> <li>▪ To widen the powers of the Copyright Tribunal.</li> </ul>
1997	<ul style="list-style-type: none"> <li>▪ To incorporate provisions of the Internet Treaties to address copyright issues in the digital environment, especially to provide protection for contents that pass through the Internet.</li> </ul>
2000	<ul style="list-style-type: none"> <li>▪ To provide protection for rights of performers in accordance with the Agreement on TRIPS, of which Malaysia became a signatory in 1994.</li> </ul>
2002	<ul style="list-style-type: none"> <li>▪ To provide for the creation of the Intellectual Property Corporation of Malaysia (MyIPO).</li> </ul>
2003	<ul style="list-style-type: none"> <li>▪ To widen powers of enforcement officers and to increase the penalty for offences committed under the Copyright Act.</li> </ul>

The scope and duration of copyright for the above are summarized in Table 2.2. There is no registration of copyright material in Malaysia. A work is automatically protected under the following conditions:

- Sufficient effort has been made to make the work original in character;
- The work has been written down, recorded or reduced to material form; and
- The author is a qualified person, the work is made in Malaysia, or the work is first published in Malaysia.

The copyright holder is initially the author (writer, composer or maker) of the work. However, if an employee does the work in the course of his employment, the person who had commissioned the work holds the copyright, unless otherwise agreed. The author's right is also transferable.

These rights apply whether the works are copied partially or wholly. Infringement occurs when a work belonging to the right owner is reproduced, distributed, rented, sold or communicated to the public without prior consent from the right owner. In the event of an infringement, the burden of proof lies with the person claiming that his or her work has been unlawfully copied.

Malaysia is not a member of the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (the Rome Convention) of 1961. However, in 1994 Malaysia became a signatory of the Agreement on the Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) that covered substantive portions of the Rome Convention, including protection for performers.

As a developing country, Malaysia was given until the year 2000 to comply fully with the provisions of the TRIPS Agreement. One of the important areas of compliance, that had its roots in the Rome Convention, was the granting of rights to performers. Thus, in 2000 the Copyright Act was amended to provide compliance with the TRIPS obligation and provide protection for performers. Following the amendments, the Copyright Act provides protection for the performer's rights in a live performance, which subsists for 50 years from the beginning of the calendar year following the year in which the live performance was given.

**Table 2.2 Ownership Rights and Duration in Literary and Artistic Works**

Category	Exclusive Ownership Rights	Duration of Protection
Literary works Musical works Artistic works Films	<ul style="list-style-type: none"> <li>▪ Reproduction of the work in any material form</li> <li>▪ Performing, showing, or playing the work to public</li> <li>▪ Communication of the work to public</li> <li>▪ Distribution of copies to public by sale or other transfer of ownership</li> <li>▪ Commercial rental to public</li> </ul>	<ul style="list-style-type: none"> <li>▪ Life of the author plus 50 years</li> <li>▪ If published after death, copyright lasts for 50 years from date of publication.</li> <li>▪ If joint authorship, life of author who dies last applies</li> </ul>
Sound recordings	<ul style="list-style-type: none"> <li>▪ Same as above</li> </ul>	<ul style="list-style-type: none"> <li>▪ 50 years since first publishing</li> <li>▪ If unpublished, year of recording applies.</li> </ul>
Broadcasts	<ul style="list-style-type: none"> <li>▪ Recording</li> <li>▪ Reproduction</li> <li>▪ Rebroadcasting</li> <li>▪ Performance, showing or playing to public in a place where admission fee is charged</li> <li>▪ Right to take still photographs from a TV broadcast</li> </ul>	<ul style="list-style-type: none"> <li>▪ 50 years from year of making broadcast</li> </ul>

### 2.3. Infringement of Copyrights and Remedies

A copyright work is infringed when a person, without the consent of the copyright owner, does or authorizes any act that the copyright owner has the exclusive right to perform. The Copyright Act details the types of action, including selling and importing of copyrighted works without the consent of the owner, and the respective penalties and remedies are summarized in Table 2.3.

Remedial recourse for infringement of copyright can be taken up either in civil or criminal proceedings. In both instances, the complaints must originate from the owners of the copyright or their agents.

As there is no registration system for copyright works in Malaysia, Malaysian law provides for the creation of an affidavit by the owner himself or an authorized person. In the affidavit, he has to state that at the time specified, the copyright subsisted in his work and that he is the owner of the copyright or an agent. A copy of the work must be attached with the affidavit, and with this, remedial measures are initiated.

In addition, the Copyright Act also provides for border measures. If the owner of the copyright has prior knowledge that his infringed works are about to be imported into the country, he can notify the Controller of Copyright<sup>1</sup> of the importation of infringed goods, who will then issue an order for the prohibition or seizure of the infringed goods. The infringing copies can be forfeited as if they were prohibited goods under the Customs Act 1967.

<sup>1</sup>The Director General of MyIPO is the Controller of Copyright.

**Table 2.3 Remedies for Criminal and Civil Copyright Infringement**

Types of Criminal Infringement	Penalty
<ul style="list-style-type: none"> <li>▪ Makes for sale or hire any infringing copy</li> <li>▪ Sells, lets for hire or by way of trade, exposes or offers for sale or hire any infringing copy</li> <li>▪ Distributes infringing copies</li> <li>▪ Possesses, other than for private and domestic use, any infringing copy</li> <li>▪ By way of trade, exhibits in public any infringing copy</li> <li>▪ Imports into Malaysia, other than for his private and domestic use, an infringing copy</li> </ul>	<ul style="list-style-type: none"> <li>▪ A fine of not less than RM2,000 and not more than RM20,000 for each infringing copy and/or to imprisonment of a term not exceeding five years or to both</li> <li>▪ For any subsequent offence, a fine of not less than RM40,000 for each infringing copy or to imprisonment for a term not exceeding 10 years or to both</li> </ul>
<ul style="list-style-type: none"> <li>▪ Makes or has in possession any contrivance used or intended to be used for the purposes of making infringing copies</li> </ul>	<ul style="list-style-type: none"> <li>▪ A fine of not less than RM4,000 and not more than RM40,000 for each contrivance in respect of which the offence was committed, or to imprisonment for a term not exceeding 10 years or to both</li> <li>▪ For any subsequent offence, a fine of not less than RM8,000 and not more than RM80,000 for each contrivance in respect of which the offence was committed or imprisonment for a term not exceeding 20 years or to both.</li> <li>▪ Fine exceeding RM20,000 or imprisonment of maximum three years</li> </ul>
<ul style="list-style-type: none"> <li>▪ Circumvents or causes the circumvention of any effective technological measures</li> <li>▪ Removes or alters any electronic rights management information without authority; or</li> <li>▪ Distributes, imports for distribution or communicates to the public, without authority, works or copies of works in respect of which electronic rights management information has been removed or altered without authority</li> </ul>	<ul style="list-style-type: none"> <li>▪ A fine not exceeding RM250,000 or to imprisonment for a term not exceeding three years or to both</li> <li>▪ For subsequent offence, a fine not exceeding RM500,000 or to imprisonment for a term not exceeding five years to both</li> </ul>
Types of Criminal Offences	Civil Remedies
<ul style="list-style-type: none"> <li>▪ Imports an article into Malaysia for the purpose of:                             <ul style="list-style-type: none"> <li>(a) selling, letting for hire, or by way of trade, offering or exposing for sale or hire, the article;</li> <li>(b) distributing the article: (i) for the purpose of trade; or (ii) for any other purpose to an extent that it will affect prejudicially the owner of the copyright; or</li> <li>(c) by way of trade, exhibiting the article in public.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Damages-seeking compensation for the losses incurred</li> <li>▪ Injunction-stopping further continuance of business activity</li> <li>▪ Anton Pillar Order – order taken from court to conduct search for documents and other effects related to the business operation</li> <li>▪ Show of account or profits by infringer</li> <li>▪ Mareva injunction – forbid the infringer from keeping or destroying his assets</li> <li>▪ Pay up costs relating to the civil remedy initiatives</li> <li>▪ General civil remedy as applied in the Malaysian courts</li> </ul>

Source: The Copyright Act, 1987 (Sections 36 and 37).

## 2.4. Institutional Framework for Copyright Protection

There is a fairly well-established institutional framework to ensure adequate protection for copyright works as shown in Figure 2.1. These include:

- (i) Public agencies that are custodians of the policy and regulatory framework covering copyright;
- (ii) Enforcement agencies that provide surveillance and remedies for copyright infringement; and
- (iii) Private bodies that serve copyright owners by ensuring their members' copyright works are protected and provide feedback to policy-makers to improve the policy and regulatory environment for copyright-based industries to thrive.

### i. Policy and Regulatory Institutions

The Intellectual Property Corporation of Malaysia (MyIPO), a corporate body under the Ministry of Domestic Trade and Consumer Affairs (MDTCA), acts as the custodian of laws on intellectual property. Accordingly, MyIPO is the lead agency for the regulatory framework for intellectual property (IP) rights. However, there are other government bodies that independently provide protection to components of copyright works that fall within their own areas of jurisdiction. These include:

- The Ministry of Home Affairs, which is the custodian of the Film Censorship Act 2002 and the Printing Press and Publications Act 1984;
- The Ministry of Unity, Culture, Arts and Heritage, which is the custodian of the Film Development Act 1984; and
- The Ministry of Communications, Energy and Water, which is the custodian of broadcasting matters.

### ii. Enforcement Agencies

The Copyright law is enforced by the Royal Malaysian Police Department and the Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs (MDTCA). At present, the Enforcement Division of the MDTCA has a strong force of some 2,100 officers placed in 72 branches throughout the country to enforce the law. Copyright owners may lodge an official complaint supported by necessary documents to the Enforcement Division of the Ministry if they suspect infringement. The Division will conduct the necessary investigations with the assistance of the prosecution officers from the Attorney General's Office. If there is sufficient evidence, the case goes to the Court. Civil proceedings, on the other hand, are carried out with the assistance of lawyers.

The enforcement agencies also carry out anti-piracy measures as provided for in the Copyright Act. Such measures include the establishment of:

- The Anti-Piracy Task Force under the Chairmanship of the Minister of Domestic Trade and Consumer Affairs. The Task Force is made up of representatives from the government and private sectors engaged in IP affairs.
- The Special Task Force to Combat Counterfeit Products made up of the Royal Malaysian Police Force, Royal Customs Department, the Ministry of Health, the pharmaceutical industries, the Energy Commission, Standards and Industrial Research Institute of Malaysia (SIRIM) Berhad and the cigarette manufacturing companies. Other related associations and guilds also actively participate in discussions and in coordination of joint raids and enforcement activities.
- Special Export Unit from the Ministry of Domestic Trade and Consumer Affairs, whose officers are stationed at exit points to foil attempts by pirates trying to export pirated goods.

### iii. Special Intellectual Property (IP) Courts

The Government has approved the establishment of 15 Intellectual Property Sessions Courts to hear cases of a criminal nature, while six Intellectual Property Specialized High Courts have been set up throughout the country to hear both civil and criminal cases. These courts have appellate jurisdictions. Currently, there is one specialized IP Sessions Court, i.e. Court 4 in the Federal Capital to hear only first instance criminal cases.

### iv. Private Bodies

#### a. Collective Management Organizations

The Copyright Act also provides for the setting-up of licensing bodies commonly termed Collective Management Organizations (CMOs) or Copyright Collecting Societies (CCS) to collect royalties on behalf of copyright owners for public performance of copyright works.

Sound recordings and musical works are respectively the copyrighted properties of the recording companies and the songwriters. Any public performance of music must obtain the consent of the sound recording companies and the songwriters via the CMOs that represent them. The CMO issues the public performance license for which royalties are imposed. The royalties are then distributed to the sound recording companies and the songwriters. At present, there are five CMOs licensed in Malaysia, of which three are more established. Details of the CMOs are discussed in Section 5.

#### b. Industry Organizations

Apart from the CMOs, there are Industry Organizations that represent the interests of their members and their industry. These carry out a variety of activities to develop, promote and protect their respective industry. They hold seminars, dialogues and exhibitions and conduct training programs for their members. They also represent their members in matters affecting policies, laws and regulation, and prepare and forward memoranda to the Government on issues affecting their industry. A list of some of the key copyright-based industry organizations is given in Appendix 5.

#### c. Copyright Tribunal

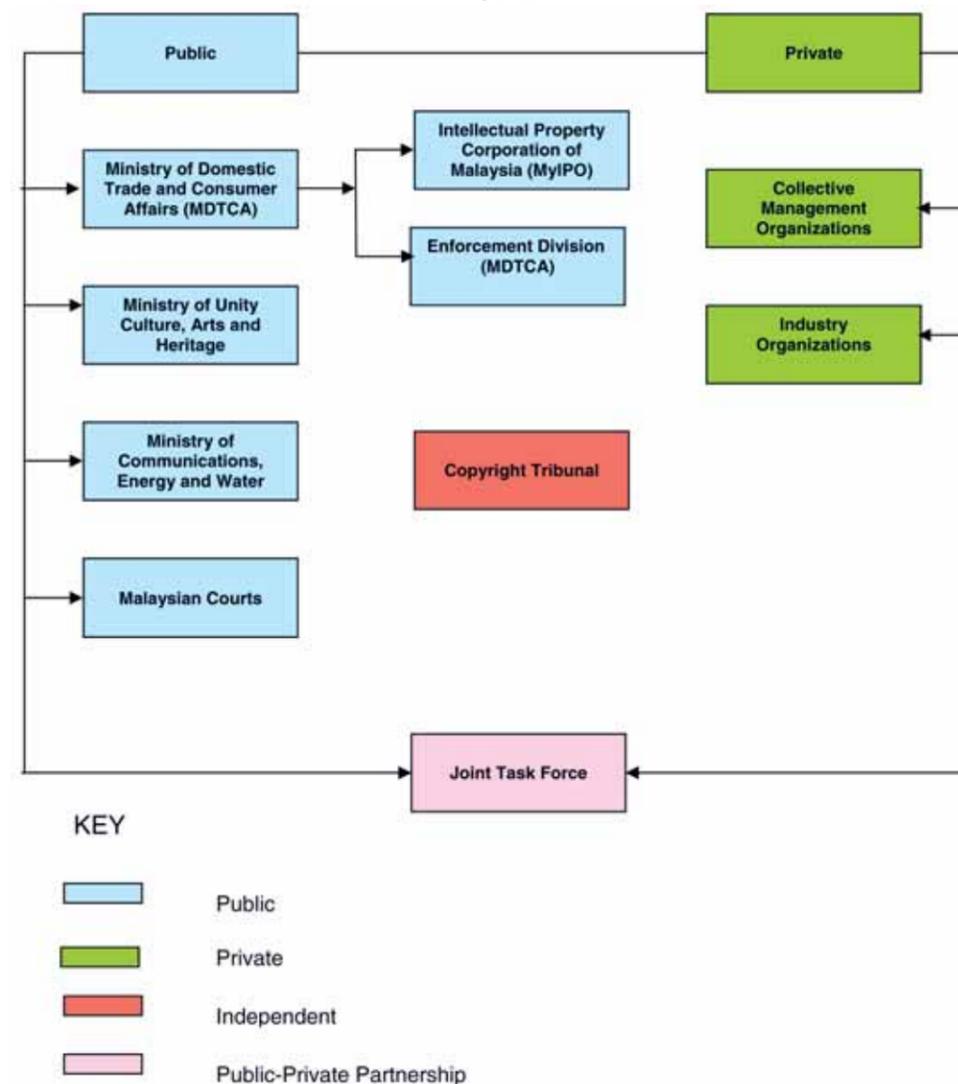
The Copyright Act also provides for the establishment of the Copyright Tribunal, an independent body set up by the Minister of Domestic Trade and Consumer Affairs in accordance with Sections 28 to 35 of the Copyright Act 1987.

The Tribunal was originally responsible for approving applications for translation of foreign works into the national language. Since 1996, however, its mandate has been expanded to include settlement of disputes between the CMOs and users of copyright works. Its key functions include:

- Determining types of licensing schemes between the licensing bodies and users of copyrighted works;
- Mentioning the instances and the party/parties who may refer or apply with respect to entitlement of a license;
- Providing that the proposed scheme shall be in force and an existing scheme should remain in operation so long as the order of the Tribunal remains in force;
- Providing for the types of licenses that may be granted by licensing bodies;
- Specifying instances where terms of the proposed license due to expire may be referred to the Tribunal by the licensor and licensee respectively;
- Providing for the Tribunal to review its orders;

- Providing for the appointment of a Deputy Chairman and a Secretary to enable more than one proceeding to be conducted, and facilitating the smooth running of the proceedings; and
- Specifying that only questions of law arising from the proceedings before the Tribunal may be referred to the High Court.

**Figure 2.1 Institutional Framework for Copyright Protection**



### 3. Contribution Of Copyright-based Industries to the Malaysian Economy

#### Introduction

The economic contribution of copyright-based industries is estimated using two key summary indicators, i.e. the value added and the employment share of the copyright-based industries in the economy. The value-added share is also the percentage contribution to Gross Domestic Product (GDP), and hence allows a comprehensive comparative analysis of the performance of the copyright-based industries in the economy.

The total copyright-based industries include the following four industry groups:

- Core copyright industries
- Interdependent copyright industries
- Partial copyright industries
- Non-dedicated support industries

The estimated contribution of the total copyright-based industries to the economy in 2005 was:

- RM30.2 billion of value added or 5.8 per cent of GDP.
- 817 thousand jobs or 7.5 per cent of nationwide employment.
- RM3.1 billion worth of exports or 1.0 per cent of national exports.

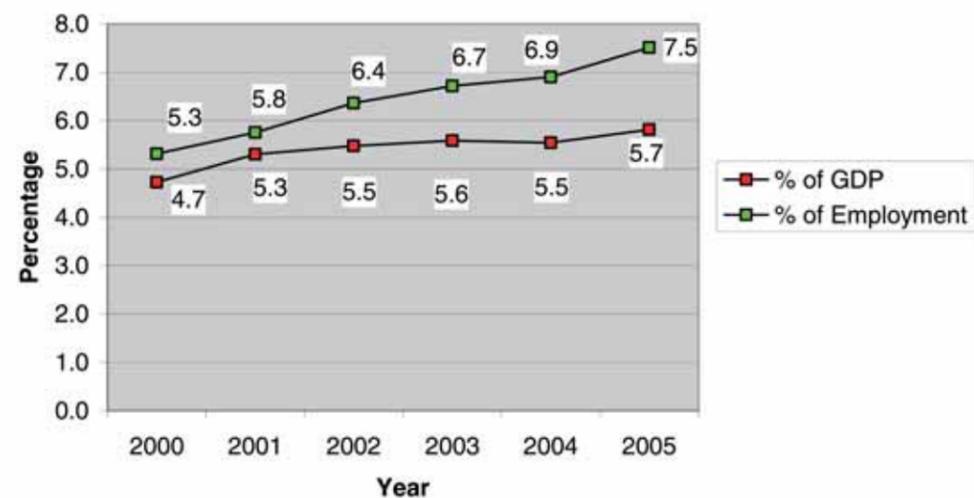
The performance of the total copyright-based industries is analyzed below, while Section 4 examines the relative structure and performance of the four copyright-based industry groups in greater detail.

#### 3.2 Economic Contribution of Total Copyrights-Based Industries

##### i. Contribution to GDP

Much like in other countries, Malaysia's copyright-based industries have undergone remarkable growth in recent years. The industry grew at an annual average of 11.1 per cent from 2000 to 2005, surpassing the national growth rate of 6.6 per cent (Table 3.2). As a result, its contribution to GDP rose from 4.7 per cent to 5.8 per cent during this period (Chart 3.1).

**Chart 3.1 Contribution of Copyright Industries to GDP and Employment**

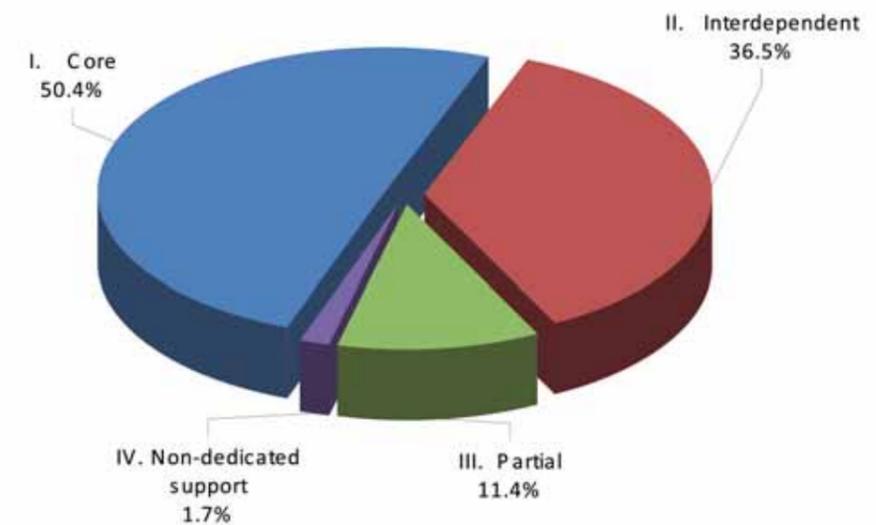


As all of the activities of the core copyright industries were treated as copyrighted works, this industry was the largest copyright industry group, accounting for about half of the total copyright value added (Chart 3.2). In 2005, its value added was RM15.2 billion or 2.9 per cent of GDP (Table 3.1). The second largest industry group was the interdependent copyright industries, which accounted for about 37.0 per cent of the value added of total copyright industries. The economic contribution of both the partial and non-dedicated support industries was relatively small, as their combined contribution GDP was less than one per cent.

**Table 3.1 Contribution of Copyright-Based Industries to GDP and Employment, 2005**

Copyright-based Industries	Value Added (RM million)	% of GDP	Employment ('000)	% of Employment
I. Core	15,189.7	2.9	518.2	4.7
II. Interdependent	11,024.7	2.1	176.8	1.6
III. Partial	3,452.0	0.6	99.6	0.9
IV. Non-dedicated support	500.8	0.1	22.6	0.2
<b>Total copyright-based industries</b>	<b>30,167.2</b>	<b>5.7</b>	<b>817.2</b>	<b>7.5</b>
<b>Malaysian economy</b>	<b>519,451.0</b>	<b>100.0</b>	<b>10,892.9</b>	<b>100.0</b>

**Chart 3.2 Relative Size of the Copyright Industries by Value Added, 2005**



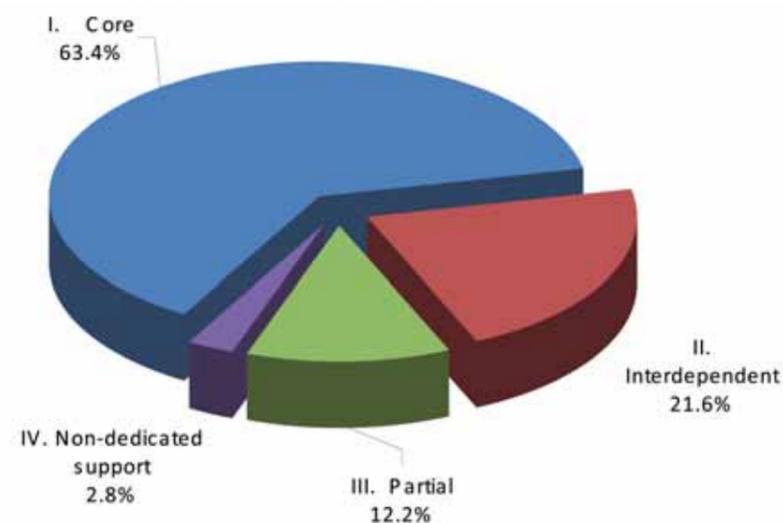
## ii. Contribution to Employment

A similar positive trend was observed with regard to employment. The industry employed 817,200 workers in 2005, amounting to 7.5 per cent of the total workforce in 2005. Employment expansion in these industries also surpassed the national employment growth, growing at a rate three times faster (10.7 per cent) than at the national level (3.3 per cent) from 2000–2005 (Table 3.2).

A similar trend could be seen in the growth of professionals in the creative industries. Based on data collated from the 1991 and 2000 Population and Housing Census, the number of professionals in the creative occupations surged from 40,643 to 149,415, that is, it grew at an annual rate of about 16.0 per cent in the inter-census period (Table 3.3). There was a remarkable increase in the number of computing professionals, and architects, engineers and related professionals, with these professional categories posting average annual growth of above 20 per cent between 1991 and 2000.

The core copyright industries are relatively labor-intensive. In 2005, they accounted for some 50 per cent of the value added of the total copyright-based industries but created about 63 per cent of employment. In contrast, the interdependent copyright industries accounted for about 37 per cent of the value added but only 22 per cent of employment. Clearly, the interdependent industries are less labor absorbing.

**Chart 3.3** Relative Size of the Copyright Industries by Employment, 2005



**Table 3.2** Performance of Copyright-Based Industries, 2000–2005

Copyright-Based Industries	2000	2001	2002	2003	2004	2005	Growth Rate* (%) 2000-2005
	Value Added (Percentage)						
I. Core	55.3	53.4	53.6	53.5	51.6	50.4	9.0
II. Interdependent	25.7	29.3	29.7	30.1	34.2	36.5	19.2
III. Partial	17.4	15.5	14.9	14.8	12.5	11.4	2.2
IV. Non-dedicated support	1.6	1.8	1.8	1.6	1.7	1.7	11.6
<b>Total copyright-based industries (RM million)</b>	100.0 (16,834.5)	100.0 (18,673)	100.0 (20,962.0)	100.0 (23,371.2)	100.0 (26,257.5)	100.0 (30,167.2)	- 11.1
<b>Malaysian Economy (RM million)</b>	356,401	352,579	383,213	418,769	474,048	519,451	6.6
	Employment (Percentage)						
I. Core	63.2	61.4	62.9	62.9	64.5	63.5	10.8
II. Interdependent	20.5	23.6	22.3	21.6	20.5	21.6	11.9
III. Partial	13.2	11.8	11.8	12.9	12.3	12.2	9.0
IV. Non-dedicated support	3.2	3.3	3.0	2.6	2.8	2.8	7.7
<b>Total copyright-based industries (thousand)</b>	100.0 (492.1)	100.0 (547.7)	100.0 (616.9)	100.0 (673.9)	100.0 (726.7)	100.0 (817.2)	- 10.7
<b>Malaysian Economy (thousand)</b>	9,271.2	9,532.5	9,709.0	10,047.0	10,463.7	10,892	3.3

Note: \* Refers to the annual compounded growth rate in constant 2000 values.

**Table 3.3** Number of Professionals in the Copyright-Based Industries, 1991 & 2000

Employment Category*	1991	2000	Growth rate+ (%)
Computing professionals	3,135	19,155	22.3
Architects, engineers & related professionals	12,979	94,055	24.6
Archivists, curators & librarians	1,225	1,621	3.2
Writers, creative or performing artists	13,610	22,131	5.6
Printing & related trades workers	9,694	12,453	2.8
<b>Total</b>	<b>40,643</b>	<b>149,415</b>	<b>15.6</b>

Note: \* Based on three-digit employment codes.

+ Refers to the compounded annual growth rate.

Source: Unpublished data from the 1991 and 2000 Population and Housing Census by the Department of Statistics

## iii. Inter-Industry Comparisons

Copyright-based industries have performed extremely well in comparison to other services and resource-based industries in the economy. Table 3.4 shows that the contribution of copyright-based industries was much higher than that of construction, transport and storage or business services. The relative expansion of the copyright-based industries was much more significant, as they registered the second-highest growth of 11.1 per cent per annum from 2000 to 2005, after mining and quarrying.

**iv. Value Added Per Worker**

Productivity of the copyright-based industries, defined as value added per worker in real terms, was RM34,848 in 2005. Here, workers' productivity was higher than that for agriculture, construction and government services but lower than that for manufacturing, mining and quarrying, and transport and storage and communications (Table 3.5). Much as in other countries, the core copyright industries in Malaysia are relatively labor intensive, and hence the productivity of the total copyright-based industries was lower than the national average of RM45,017. The level of productivity growth was 0.4 per cent per annum from 2000 to 2005 in contrast to the national average of 3.2 per cent.

**Table 3.4 Relative Size of the Copyright-Based Industries, 2005**

Industries	Value Added RM million	% of GDP	Growth rate* (%) 2000–2005
<b>1. Copyright-based Industries</b>	<b>30,167</b>	<b>5.8</b>	<b>11.1</b>
5. Agriculture	43,361	8.4	6.0
6. Mining and quarrying	73,817	14.2	13.1
7. Construction	15,474	3.0	0.9
8. Manufacturing	154,740	30.0	5.8
5. Wholesale and retail	55,298	10.7	5.5
6. Transport and storage	18,772	3.6	5.0
7. Finance	34,728	6.7	3.4
8. Business services	12,575	2.4	5.3

Note: \* Refers to the annual compounded growth rate in constant 2000 values

**Table 3.5 Value Added Per Worker, 2000 & 2005 (Malaysian Ringgit)**

Industry	2000	2005	Growth Rate* (%)
Agriculture	21,774	29,211	6.1
Mining and quarrying	913,034	1,631,926	12.3
Manufacturing	42,997	46,622	1.6
Construction	18,505	19,231	0.8
Transport, storage & communications	53,939	82,780	8.9
Government services	23,013	16,832	-6.1
<b>Copyright-Based Industries</b>	<b>34,209</b>	<b>34,848</b>	<b>0.4</b>
<b>Malaysian Economy</b>	<b>38,442</b>	<b>45,017</b>	<b>3.2</b>

Note: \* Refers to the annual compounded growth rate in constant 2000 values

**4. Structure And Performance Of Copyright-based Industry Groups****4.1 Core Copyright Industries**

The core copyright industries create copyright protected materials as their primary product, and they are classified into nine industry subsectors:

- Press and literature
- Music, theatrical production and opera
- Motion picture and video
- Radio and television
- Photography
- Software and databases
- Visual and graphic arts
- Advertising services
- Copyright Collecting Societies

As the copyright content of these industries is relatively high, all of their value added and employment are included in the estimation of the economic contribution of copyright-based industries to the Malaysian economy. As data for visual arts and graphics have been subsumed under other subsectors<sup>2</sup>, the relative contribution of core copyright industries is estimated under eight industry subsectors as shown in Charts 4.1 and 4.2.

The core copyright industries accounted for more than half of the contribution of copyright-based industries. However, their relative share has been on the decline, largely due to the rapid growth of the interdependent industry group. The employment share of the core copyright group is higher at about 63.0 per cent and has remained more or less constant over the years (Table 4.1). The industry grew faster than the economy, registering a growth rate of nine per cent from 2000 to 2005, led by the software and databases and press and literature subsectors.

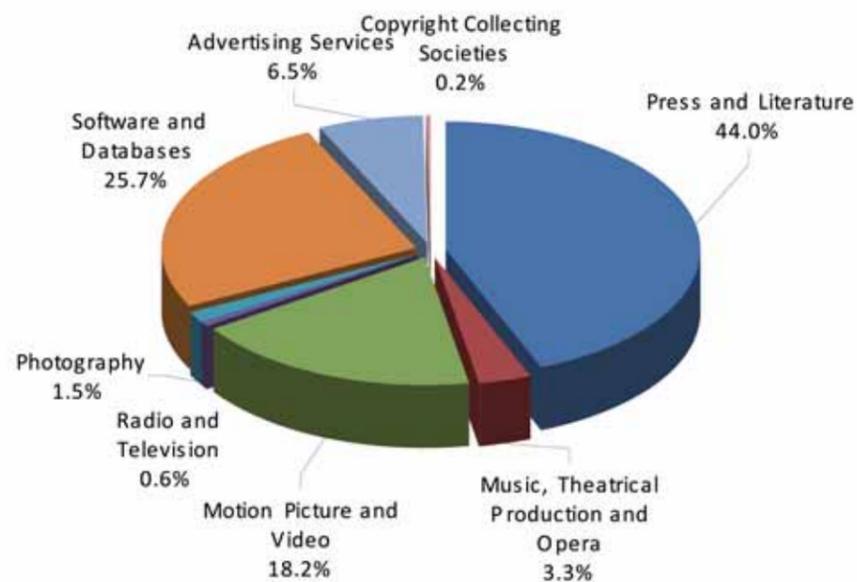
Press and literature, software and databases, and motion picture and video have dominated the activities of core copyright industries, accounting for an overwhelming 88 per cent of the total value added and 90.8 per cent of total employment of the core copyright industries. Press and literature is the largest sub-sector within this group, accounting for some 44 per cent of the total value added and around 55 per cent of total employment contribution. However, the software and databases subsector, the next largest sector, was the most dynamic industry and grew at about 12 per cent per annum from 2000 to 2005 (Table 4.2). This is hardly surprising given policy priority and substantial fiscal, financial and infrastructure support from the Government for the development of ICT-based industries.

<sup>2</sup> See Appendix Table 1.7 for details.

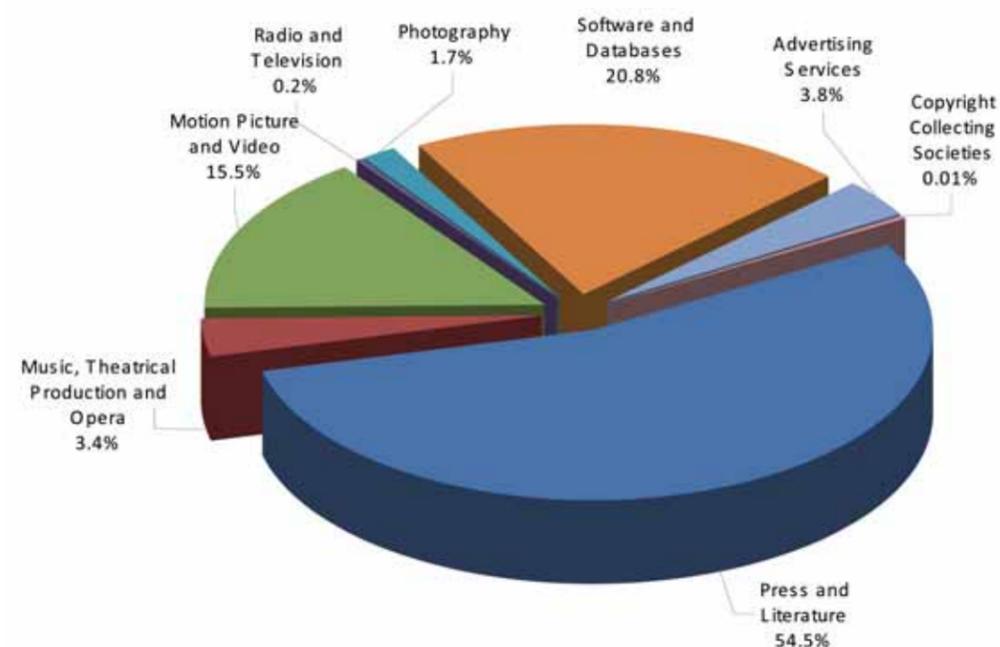
**Table 4.1 Contribution of Core Copyright Industries, 2000–2005**

Year	Value Added			Employment		
	RM million	Contribution to GDP (%)	Share of Total Copyright Industries (%)	Thousand	Contribution to National Employment (%)	Share of Total Copyright Industries
2000	9,316.5	2.6	55.3	310.9	3.4	63.2
2001	9,964.6	2.8	53.4	336.0	3.5	61.3
2002	11,231.7	2.9	53.6	387.8	4.0	62.9
2003	12,504.4	3.0	53.5	423.7	4.2	62.9
2004	13,550.2	2.9	51.6	468.1	4.5	64.4
2005	15,190.0	2.9	50.4	518.2	4.8	63.4

**Chart 4.1 Value Added of Core Copyright Industries by Sector, 2005**



**Chart 4.2 Employment in Core Copyright Industries by Sector, 2005**



**Table 4.2 Performance of Core Copyright-Based Industries**

Copyright-Based Industries	2000	2001	2002	2003	2004	2005	Growth Rate* (%) 2000-2005
	Value Added (Percentage)						
1. Press and literature	43.7	42.5	42.3	42.5	43.6	44.0	9.1
2. Music, theatrical production, operas	3.6	3.5	3.4	3.3	3.4	3.3	7.2
3. Motion picture and video	20.4	20.5	19.6	19.1	19.0	18.2	6.6
4. Radio and television	0.6	0.6	0.6	0.6	0.6	0.6	8.9
5. Photography	2.0	1.9	1.8	1.6	1.5	1.5	2.7
6. Software and databases	22.7	23.7	25.3	25.9	25.0	25.7	11.8
7. Advertising services	6.9	7.0	6.8	6.6	6.7	6.5	7.8
8. Copyright Collecting Societies	0.2	0.2	0.2	0.2	0.2	0.2	-2.8
<b>Core copyright-based industries (RM million)</b>	100.0 (9,316.5)	100.0 (9,964.6)	100.0 (11,231.7)	100.0 (12,504.4)	100.0 (13,550.2)	100.0 (15,190.0)	- 9.0
Employment (Percentage)							
1. Press and literature	46.8	53.6	51.1	52.0	53.2	54.5	14.2
2. Music, theatrical production, operas	3.9	3.8	3.6	3.5	3.5	3.4	7.9
3. Motion picture and video	18.1	18.0	16.7	16.4	16.0	15.5	7.4
4. Radio and television	0.2	0.2	0.2	0.2	0.2	0.2	9.0
5. Photography	2.4	2.3	2.0	1.9	1.8	1.7	3.9
6. Software and databases	24.6	18.0	22.5	22.0	21.4	20.8	7.2
7. Advertising services	4.1	4.2	3.9	3.9	3.9	3.8	9.0
8. Copyright Collecting Societies	0.02	0.02	0.01	0.01	0.01	0.01	3.6
<b>Core copyright-based industries (Number)</b>	100.0 (310,905)	100.0 (335,993)	100.0 (387,847)	100.0 (423,651)	100.0 468,110	100.0 518,214	- 10.8

Note: \* Refers to the annual compounded growth rate in constant 2000 values.

## 4.2 Interdependent Copyright Industries

The interdependent copyright industry group produces products that are jointly consumed with core copyright industry products. There are seven industry subsectors within this group.

- TV sets, radios, VCRs & DVD players
- Computers and equipment
- Musical instruments
- Photographic and cinematographic instruments
- Photocopiers
- Blank recording material
- Paper

The economic contribution of the interdependent copyright industries has been on the rise. They were the fastest-growing copyright-based industry group, recording double-digit growth of some 19 per cent from 2000 to 2005 (Table 4.4). As a result, their contribution to GDP almost doubled from 1.2 per cent in 2000 to 2.1 per cent in 2005 (Table 4.3). There was a significant jump of about 10 percentage points in term of their value-added share of the total copyright-based industries. However, their employment share increased only marginally, reflecting the higher capital intensity of their key subsector, i.e. TV sets, radios, VCRs and DVD players.

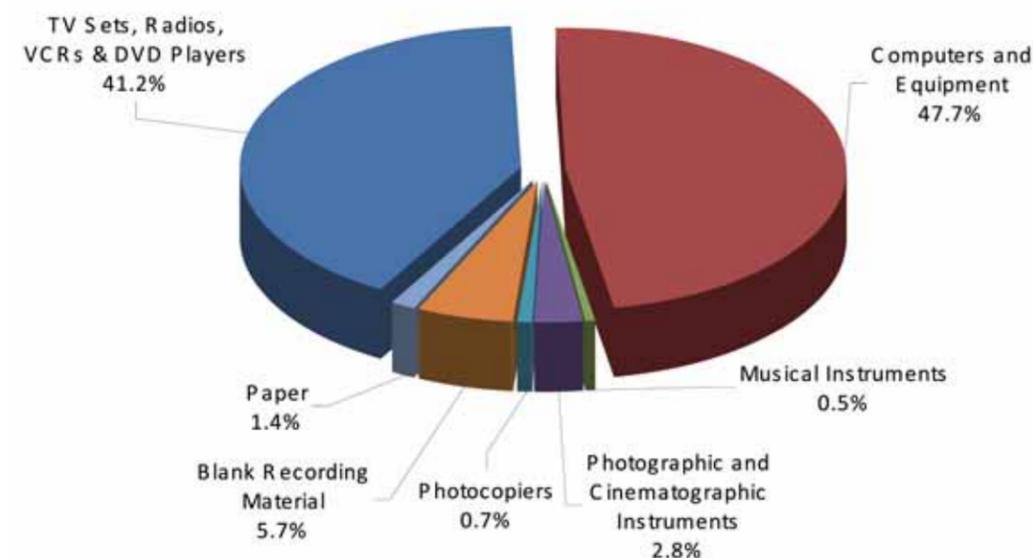
The two largest subsectors within this industry group are the manufacture of products used for transmitting copyrighted works such as TV sets, radios, VCRs and DVD players, and computers and equipment. Together, they contributed close to 90 per cent of the value added and employment of the interdependent copyright industries (Charts 4.3 and 4.4). These are long-established industries in the country and have a relatively high level of R&D and innovation.

**Table 4.3 Contribution of Interdependent Copyright Industries, 2000-2005**

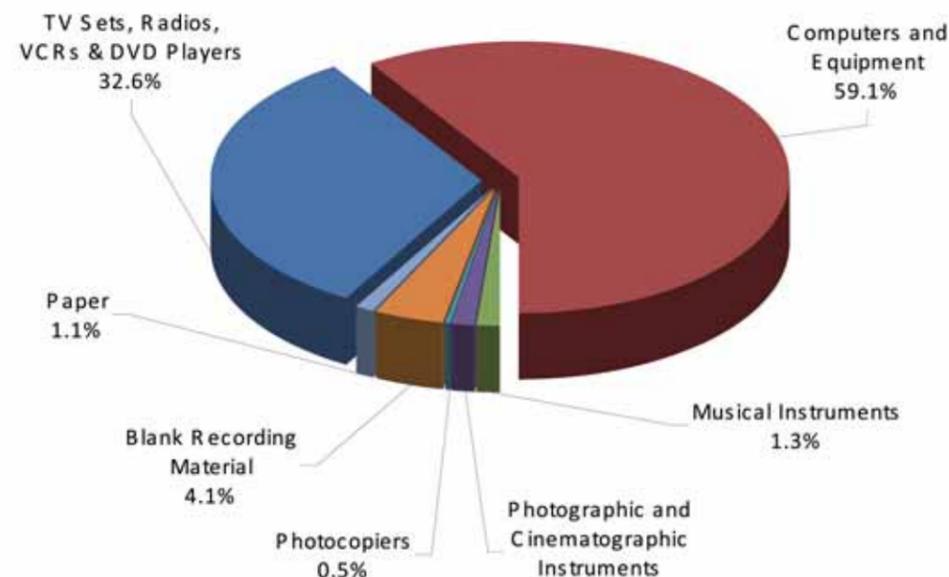
Year	Value Added			Employment		
	RM million	Contribution to GDP (%)	Share of Total Copyright Industries (%)	Thousand	Contribution to National Employment (%)	Share of Total Copyright Industries
2000	4,320.7	1.2	25.6	100.8	1.1	20.5
2001	5,480.5	1.6	29.3	129.2	1.5	23.6
2002	6,232.8	1.6	29.7	137.8	1.4	22.3
2003	7,034.1	1.7	30.1	145.5	1.5	21.6
2004	8,982.0	1.9	34.2	148.9	1.4	20.5
2005	11,024.7	2.1	36.5	176.8	1.6	21.6

Two of the smaller industries, i.e. photographic and cinematographic instruments and blank recording equipment, recorded relatively high double-digit growth from 2000 to 2005 (Table 4.4). On the other hand, both photocopiers and musical instrument registered negative growth.

**Chart 4.3 Value Added of Independent Copyright Industries by Sector, 2005**



**Chart 4.4 Employment in Interdependent Copyright Industries by Sector, 2005**



**Table 4.4 Performance of Interdependent Copyright Industries**

Industries	2000	2001	2002	2003	2004	2005	Growth Rate* (%) 2000-2005
	Value Added (Percentage)						
1. TV sets, radios, VCRs, and DVD players	25.9	40.7	42.1	39.1	38.0	41.2	30.8
2. Computers and equipment	58.4	47.8	46.0	50.0	50.5	47.7	14.5
3. Musical instruments	1.7	1.4	1.2	0.9	0.7	0.5	-6.6
4. Photographic and cinematographic instruments	1.6	1.6	2.2	1.9	2.6	2.8	33.3
5. Photocopiers	3.2	1.4	1.4	0.9	0.8	0.7	-13.0
6. Blank recording equipment	6.2	4.7	5.3	5.6	5.9	5.7	17.3
7. Paper	3.0	2.3	1.9	1.5	1.5	1.4	2.1
<b>Interdependent copyright-based industries (Number)</b>	100.0 (4,320.7)	100.0 (5,480.5)	100.0 (6,232.8)	100.0 (7,034.1)	100.0 (8,982.0)	100.0 (11,024.7)	- 19.2
	Employment (Percentage)						
1. TV sets, radios, VCRs, and DVD players	7.9	26.6	29.7	29.2	25.7	32.6	10.8
2. Computers and equipment	81.1	64.4	61.5	61.8	65.4	59.1	5.1
3. Musical instruments	2.5	1.9	1.8	1.6	1.6	1.3	-1.4
4. Photographic and cinematographic instruments	2.3	1.8	1.7	1.6	1.6	1.4	1.4
5. Photocopiers	1.1	0.9	1.0	1.1	0.6	0.4	-7.2
6. Blank recording equipment	4.1	3.4	3.4	3.5	4.0	4.1	12.0
7. Paper	1.1	1.0	0.9	1.2	1.1	1.1	11.3
<b>Interdependent copyright-based industries (RM million)</b>	100.0 (100.8)	100.0 (129.2)	100.0 (137,755)	100.0 (145.5)	100.0 (148.9)	100.0 (176.8)	- 11.9

Note: \* Refers to the annual compounded growth rate in constant 2000 values.

### 4.3. Partial Copyright Industries

The partial copyright industries are industries in which only a part of the production is linked to copyright protected material, and there are nine industry sub-sectors within the partial copyright industry group:

- Apparel, textiles and footwear
- Jewelry and coins
- Other crafts
- Furniture
- Household goods, china and glass
- Wall coverings and carpets
- Toys and games
- Architecture, engineering, surveying
- Interior design

The partial copyright industries grew at a similar pace as the economy, contributing some 0.8 per cent to GDP and about 0.7 per cent to national employment in 2005 (Table 4.5). Their share of the total copyright-based industries was about 11 per cent in terms of value added and about 12 per cent in terms of employment in 2005. The relative size of this industry group has been on the decline since 2000, with the rapid expansion of the interdependent copyright industry group.

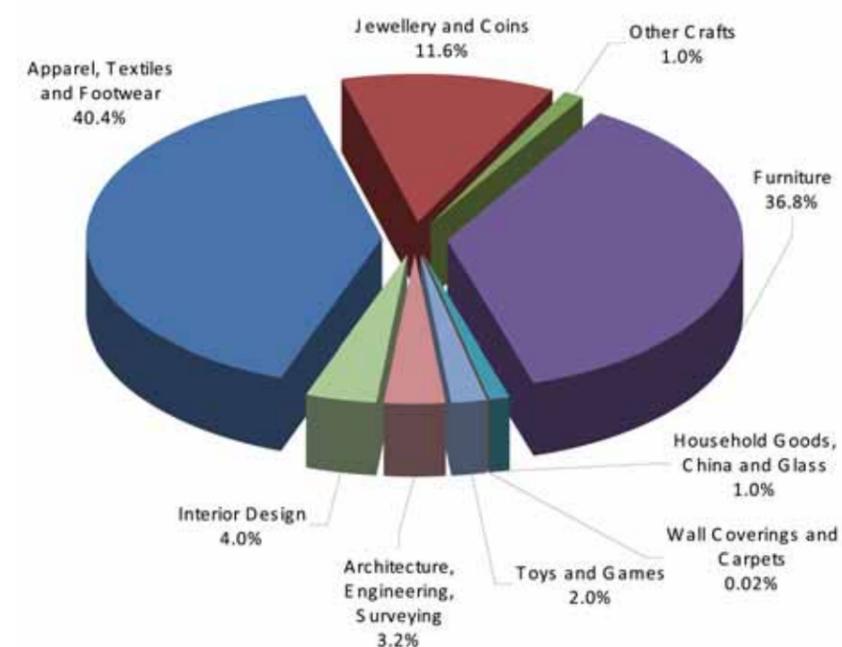
Textiles, apparel and footwear, and furniture are relatively large export industries in the country, and hence their share in the partial copyright industry groups was relatively high. The textiles subsector accounted for about 40 per cent of the value added, while the furniture industry share was around 37 per cent (Chart 4.6). These two subsectors further accounted for about 84 per cent of total employment in the partial copyright industries. The rest of the industries are relatively insignificant, though architecture, engineering and surveying, and interior design grew twice as fast as the partial copyright industry group as a whole (Table 4.6).

**Table 4.5 Contribution of Partial Copyright Industries, 2000-2005**

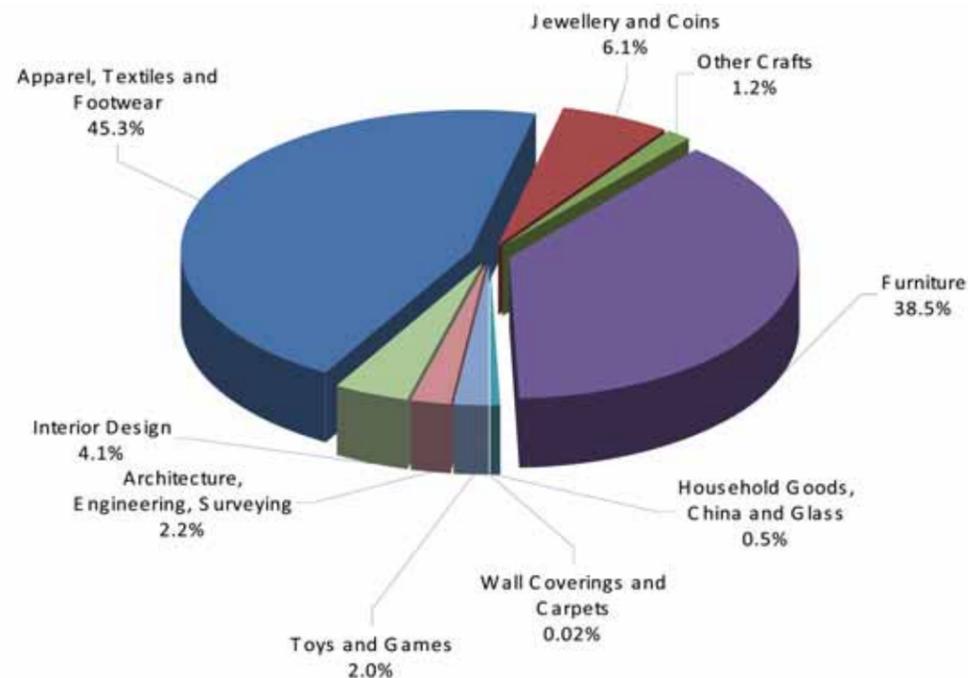
Year	Value Added			Employment		
	RM million	Contribution to GDP (%)	Share of Total Copyright Industries (%)	Thousand	Contribution to National Employment (%)	Share of Total Copyright Industries
2000	2,924.4	0.8	17.4	64.8	0.7	13.2
2001	2,893.1	0.8	15.5	64.6	0.7	11.8
2002	3,119.6	0.8	14.9	73.0	0.8	11.8
2003	3,450.7	0.8	14.8	86.9	0.9	12.9
2004	3,269.2	0.7	12.5	89.2	0.9	12.3
2005	3,452.0	0.7	11.4	99.6	0.9	12.2

The handicrafts industry in the country falls under the partial copyright industry group. Although the industry is relatively small, it plays a vital role in promoting the cultural heritage of the economy and is closely linked to the flourishing tourism industry. In 2007, there were a total of 6,167 firms, with about 94 per cent classified as microenterprises, meaning that they employ less than five full-time staff. About 80 per cent were wood and textile-based craft producers. The total market size was RM489 million, of which half was for the export market. This industry currently employs an estimated 12,073 workers (Zuraida, 2008).

The Malaysian Handicraft Development Corporation provides assistance with research and development. It informs craftsmen about new products and assists with the marketing and promotion of products in both local and global markets. It has also set up innovation centers to help craftsmen design new products. The Corporation has embarked on entrepreneur development through the "One District, One Industry" Program and the incubator scheme, and provides financial, technical and other support services to the entrepreneurs. It is further involved in crafts preservation and restoration. It has a National Craft Institute offering training programs in batik making, weaving, woodcraft, rattan craft, ceramic and metalwork. Copyright in the Malaysian handicraft industry is handled by the World Handicraft Council.

**Chart 4.5 Value Added of Partial Copyright Industries by Sector, 2005**

**Chart 4.6 Employment in Partial Copyright Industries by Sector, 2005**



**Table 4.6 Performance of Partial Copyright Industries**

Industries	2000	2001	2002	2003	2004	2005	Growth Rate* (%) 2000-2005
	Value Added (Percentage)						
1. Apparel, textiles and footwear	45.8	46.6	45.5	41.7	40.9	40.4	0.8
2. Jewelry	10.2	10.7	10.4	9.8	11.6	11.6	6.1
3. Other crafts	0.9	1.0	1.0	0.9	1.0	1.0	6.1
4. Furniture	33.8	31.4	33.7	38.5	36.4	36.8	5.1
5. Household goods, china and glass	0.9	0.9	0.9	0.8	1.0	1.0	4.3
6. Wall coverings and carpets	0.03	0.03	0.02	0.02	0.02	0.02	0.1
7. Toys and games	2.2	2.9	2.0	1.9	2.0	2.0	1.7
8. Architecture, engineering & surveying	2.7	2.9	2.9	2.8	3.2	3.2	7.0
9. Interior design	3.3	3.6	3.6	3.5	3.9	4.0	7.0
<b>Total Partial Copyright Industries (RM Million)</b>	100.0 (2,924.4)	100.0 (2,893.1)	100.0 (3,119.6)	100.0 (3,450.7)	100.0 (3,269.2)	100.0 (3,452.0)	- 3.4
	Employment (Percentage)						
1. Apparel, textiles and footwear	29.6	32.9	33.7	33.7	41.1	45.4	17.3
2. Jewelry	8.3	8.5	8.0	7.0	7.3	6.1	1.4
3. Other crafts	1.3	1.4	1.3	1.2	1.2	1.2	5.9
4. Furniture	49.8	46.0	46.9	49.1	41.1	38.5	2.3
5. Household goods, china and glass	0.7	0.6	0.6	0.5	0.5	0.5	1.8
6. Wall coverings and carpets	0.03	0.03	0.02	0.02	0.02	0.02	0.2
7. Toys and games	3.5	3.1	2.4	2.2	2.1	2.0	-3.5
8. Architecture, engineering & surveying	2.5	2.6	2.5	2.2	2.3	2.2	5.8
9. Interior design	4.5	4.9	4.5	4.1	4.4	4.1	5.8
<b>Total Partial Copyright Industries (Number)</b>	100.0 (64,831)	100.0 (64,580)	100.0 (73,007)	100.0 (86,948)	100.0 (89,227)	100.0 (99,620)	- 7.7

Note: \* Refers to the annual compounded growth rate in constant 2000 values.

#### 4.4. Non-Dedicated Support Industries

The non-dedicated support industries consist of the following distributive and the telecommunications industry subsectors:

- General wholesale and retail
- General transportation
- Telephony and Internet

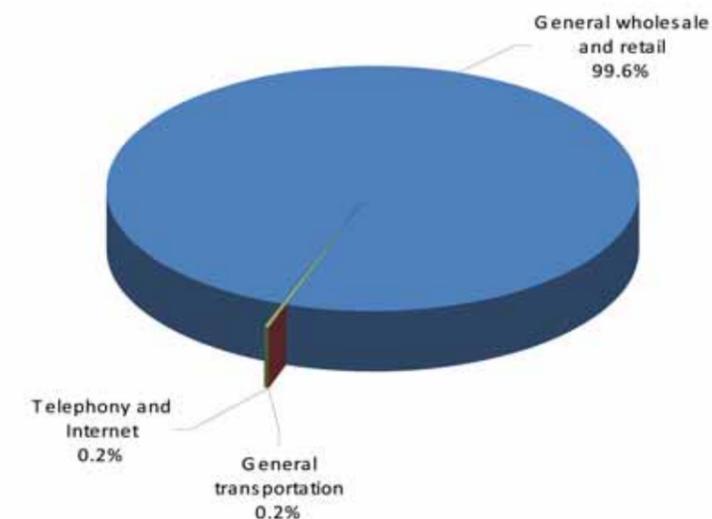
**Table 4.7 Contribution of Non-Dedicated Support Industries, 2000-2005**

Year	Value Added			Employment		
	RM million	Contribution to GDP (%)	Share of Total Copyright Industries (%)	Thousand	Contribution to National Employment (%)	Share of Total Copyright Industries
2000	272.9	0.1	1.6	15.8	0.2	3.2
2001	335.8	0.1	1.8	18.0	0.2	3.3
2002	378.0	0.1	1.8	18.3	0.2	3.0
2003	382.0	0.1	1.6	17.8	0.2	2.6
2004	456.1	0.1	1.7	20.4	0.2	2.8
2005	500.8	0.1	1.7	22.6	0.2	2.8

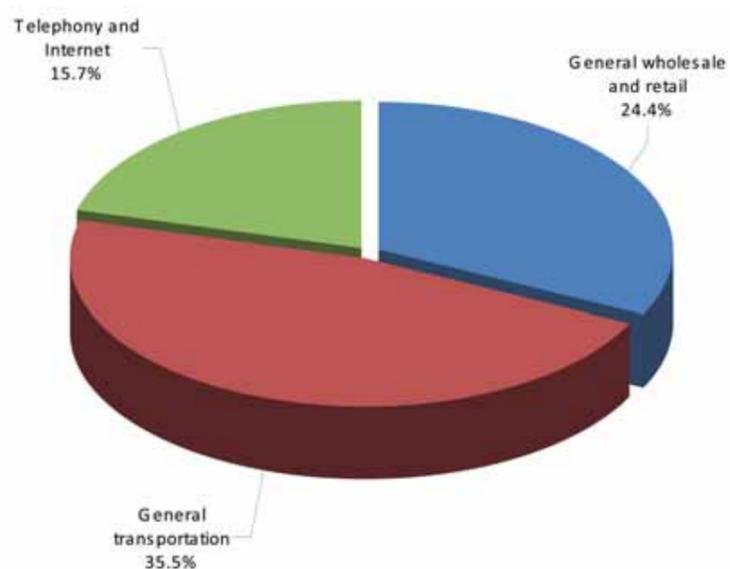
The contribution of this industry is minimal both in terms of value added and employment. Its contribution to GDP was 0.1 per cent, while its share of national employment was 0.2 per cent. These estimates have remained constant from 2000 to 2005 (Table 4.7).

The industry accounted for some two per cent of the total value added of the total copyright-based industries and about three per cent of employment. Nonetheless, this industry group outperformed the economy both in terms of value added and employment, driven primarily by the rapid expansion of the wholesale and retail industries, reflecting a shift to a service-led economy. The value added and employment of the wholesale and retail subsector grew at about 12 per cent per annum between 2000 and 2005 (Table 4.8). It was also the largest subsector, accounting for an overwhelming 99.6 per cent of the total value added of the non-dedicated support industry group. However, it accounted for only a quarter of the total employment in this industry group.

**Chart 4.7 Value Added of Non-Dedicated Support Industries by Sector, 2005**



**Chart 4.8 Employment in Non-Dedicated Support Industries by Sector, 2005**



**Table 4.8 Performance of Non-Dedicated Support Industries**

Industries	2000	2001	2002	2003	2004	2005	Growth Rate* (%) 2000-2005
	Value Added (Percentage)						
1. General wholesale and retail	99.5	99.6	99.5	99.5	99.6	99.6	11.6
2. General transportation	0.2	0.2	0.2	0.2	0.2	0.2	7.7
3. Telephony and Internet	0.3	0.3	0.3	0.3	0.2	0.2	2.2
<b>Total Non-Dedicated Support Industries (RM Million)</b>	100.0 (272.9)	100.0 (335.8)	100.0 (378.0)	100.0 (382.0)	100.0 (456.1)	100.0 (500.8)	- 11.6
Employment (Percentage)							
1. General wholesale and retail	20.1	21.1	22.9	22.5	24.5	24.4	12.0
2. General transportation	41.4	38.6	37.1	33.1	35.9	35.4	4.4
3. Telephony and Internet	18.4	19.6	17.0	21.8	15.2	15.7	4.3
<b>Total Non-Dedicated Support Industries (Number)</b>	100.0 (19,489)	100.0 (22,769)	100.0 (23,701)	100.0 (22,959)	100.0 (27,045)	100.0 (29,891)	- 7.7

Note: \* Refers to the annual compounded growth rate in constant 2000 values.

## 5. Profile of Selected Core Copyright Industries

### 5.1 Press and Literature

The publishing industry is largely driven by the private sector, and caters for a relatively small<sup>3</sup> but rapidly expanding domestic market. Vastly improved literacy and education levels, higher standards of living and increased purchasing power have boosted the performance and prospects of the publishing industry.

There has also been renewed public policy support to revitalize the industry to keep abreast of developments in the other sectors of the economy. The Government recognizes the integral role of the publishing industry in fostering knowledge-based industries and in its drive to attain developed nation status by 2020.

The National Book Policy formulated in 1985 is being reviewed to transform the industry into a more vibrant and integrated publishing sector. Some key initiatives include strengthening the National Book Council to oversee the implementation of the National Book Policy, reviewing existing laws impinging upon the performance of the publishing industry, and addressing outstanding issues and problems facing the industry.

The Government has carried out numerous reading campaigns to inculcate the reading habit amongst Malaysians. A Division for the Promotion of Reading was established in 1991 at the National Library. In 2003, the Division was restructured into a section called the Information Literacy Movement Division to incorporate new literacy skills into information and communications technology. Since 1995, the month of August, recently changed to July, has been National Reading Month.

Value added in the publishing industry is currently estimated at RM1.8 billion; together with the printing industry, this subsector accounted for about 44 per cent of core copyright industries. There are around 500 publishers, though only an estimated one-third is very active. The majority of publishing companies are small privately owned companies with less than 50 employees (Ng, 2005). There are also some fully-owned or quasi government bodies<sup>4</sup>, including the university press or publishing departments that carry out in-house publishing.

The activities of the publishing industry include the publication of: (1) serials, i.e. almanacs, annuals and yearbooks, bulletins and newsletters, directories and gazettes, indexes and abstracts, journals and periodicals, laws and statutes, monograph series, newspapers, patents and standards, proceedings and transactions published in all the four main languages spoken in the country, i.e. Bahasa Melayu (Malay), English, Chinese and Tamil (Norma Bahri, 1999); (2) books, i.e. school textbooks, including workbooks and reference books, novels, biographies and memoirs, travel books, cookbooks, inspirational and religious books; (3) commercial printing, i.e. cards, envelopes, forms, brochures, posters/ advertising material and calendars; (4) security printing, i.e. stamps, legal tender, bank forms and passbooks; (5) office supply printing, i.e. receipt books, business forms and invoices; (6) packaging materials; and (7) software-related printing services such as typesetting, graphic illustration, imaging and Web design.

Publication of books for children and for the total educational market is currently the most lucrative. Parents are now more conscious of the need for an early start to education and are sending their children to preschools, thus creating increased demand for pre-school literature. There is also support from the

<sup>3</sup> The current rate of publication is less than 10,000 titles per year compared to Taiwan (whose population is comparable to Malaysia) which publishes about 30,000 titles annually.

<sup>4</sup> The Government Printers, Percetakan Nasional, was corporatized in 1987 and is the main publisher for all government documents such as annual reports, laws and statutes and brochures.

Government to expand preschool education, especially to the rural areas. According to industry sources, the number of titles of children's books published has increased from 188 in 1980 to an annual average of about 2,000 titles in the 1990s to around 5,000 in 2007.

The majority (about 70 per cent) of the publishers are engaged in the production of school textbooks and related materials such as workbooks and reference books. The publishing of schoolbooks is a captive market, and publishers compete to secure annual government contracts estimated at RM100 million to provide books for schools under the Textbook Loan Scheme. However, with the recent introduction of the 100 per cent textbook-on-loan scheme policy for all schoolchildren, these publishers are experiencing a decline in the school textbook market as the books are being recycled. In addition, the approved textbooks used in all schools have been revised, leading to a significant drop in the use of supplementary books and workbooks (Law, 2008b).

However, the industry is undergoing greater diversification with increasing demand for the production of trade books, juvenile paperback, illustration books, travel guidebooks, biographies and memoirs, cookbooks, inspirational and religious books as well as other local titles. Print runs of some local titles have hit 150,000 copies, which was unheard of in the past. There has also been an increase in the demand for and supply of academic and scholarly books with the increase in local tertiary education since the mid-1990s following the liberalization of the tertiary education market. Consumer magazine publishing is also a rapidly growing market segment. At present, there are 15 magazine publishers who are members of the Magazine Publishers Association Malaysia producing around 131 major magazines in the country.

Based on new books received and registered by the National Library in accordance with the Library Depository Act, 1986, the total books registered in 2007 was 11,623, which represents a twofold increase since 1997<sup>5</sup> (Table 5.1). Of this, 43 per cent were children's books, followed by adult books at about 32 per cent, while the remaining one-fifth consisted of school textbooks.

**Table 5.1 New Books Registered with the National Library, 1997–2007**

Type of Books	1997	2003	2004	2005	2006	2007
<b>Textbooks</b>	1,553	1,941	1,183	3,863	5,493	2,325
<b>Children</b>	2,383	3,420	1,003	2,470	3,929	5,040
<b>Adult</b>	1,621	2,268	2,539	3,977	5,141	3,658
<b>Total</b>	5,557	7,629	4,725	10,310	14,563	11,623

Note: The figures are based on books registered with the National Library under the Deposit of the Library Materials Act, 1986.

Source: Adapted from Law (2008b).

The traditional publishing industry has also embraced new electronic formats, venturing into online publishing, marketing and sales. A number of academic publishers have published digital books as well as online academic journals. Several online bookstores have emerged to promote and sell books online. Dewan Bahasa and Pustaka<sup>6</sup> launched an e-publishing portal called KaryaNet in 2002, a virtual production house aimed at writers wishing to produce and disseminate books in the Malay language in all fields.

<sup>5</sup> Books registered with the National Library under the Library Deposit Act, 1987 are underestimates of the total books published since not all the books published are registered with the National Library. The figures however do reflect broad trends in the book publishing industry.

<sup>6</sup> The Dewan Bahasa and Pustaka is a quasi government body set up with the main objective of developing the national language (Bahasa Melayu) and literature.

The print media includes seven major daily newspapers and tabloids in English, four in Bahasa Melayu, three in Mandarin and two in Tamil. In addition, there are four main dailies in the states of Sabah and Sarawak. A survey conducted by AGB Nielsen Media Research on Malaysian newspaper readership for the year 2007 shows that the dailies in the national language have the highest readership, with *Harian Metro* leading with 1.98 million readers, followed by *Berita Harian* at 1.27 million readers (Table 5.2). Of the two main English dailies, *The Star* has 1.12 million readers, while the *New Straits Times* is far behind with 330,000 readers.

In the late 1990s, many newspaper dailies ventured into the world of multimedia and launched limited online news through their websites. In 1997, *Utusan Malaysia On-Line* became the first paid-subscriber online newspaper to provide an exact replica of the Group's newspapers, including *Utusan Malaysia*<sup>7</sup>. This effort was followed by *Malaysiakini*, a purely online newspaper with paid-subscribers. In addition, there is a free newspaper, *The Sun*.

**Table 5.2 Newspaper Readership in Malaysia, 2007**

Daily Newspaper	Readership
<b>Bahasa Melayu Daily</b>	
<b>Berita Metro</b>	1.98 million
<b>Berita Harian</b>	1.27 million
<b>Utusan Malaysia</b>	1.10 million
<b>English Dailies</b>	
<b>The Star</b>	1.12 million
<b>New Straits Times</b>	330,000
<b>Chinese Dailies</b>	
<b>Sin Chew Daily</b>	1.17 million
<b>China Press</b>	659,000
<b>Guang Ming</b>	400,000

Source: AGB Nielsen Media Research

The development of the publishing industry is well supported by a number of industry organizations such as the National Book Council, the Malaysian Book Industry Council, the Malaysian Book Publishers Association (MABOPA) and the Magazine Publishers Association of Malaysia, as well as associations representing writers such the National Writers Association or GAPENA. The main body representing writers, GAPENA is an umbrella organization of 23 writers' associations.

The National Book Council of Malaysia was established under the Ministry of Education in 1968 as a professional and advisory body for the development of the book industry. It is a non-profit body with members from the public and private sectors supported by a full-time secretariat under the Ministry of Education. The main objective of the Council is to promote professionalism in the book industry, coordinate book development activities, encourage reading habits and facilitate negotiations among the producers and consumers involved in the book business.

The Malaysian Book Industry Council (MBIC) (formerly known as the Malaysian Book Trade Council) is an informal non-profit organization with representatives from the various book trade associations, namely MABOPA, the Malaysian Book Sellers Association (MBA), the Malay Publishers Association (IKATAN), the

<sup>7</sup> In July 2001, the newspaper group launched the "Utusan Education Portal" that is free of charge.

Malaysian Book Importers Association (MBIA) and the Malaysian Book Contractors Association (MBCA). In 1993, MBIC set up a company called the Malaysian Book Promotion Sdn. Bhd. with equal paid-up capital by all members except MBCA. One of the main functions of the MBIC is to help manage and organize the Kuala Lumpur International Book Fair. The Malaysian Book Publishers Association (MABOPA) established in 1969 represents about 150 publishers. It is the main organization that liaises with the Government on behalf of the publishing companies to represent and advance the interests of the industry.

The publishing industry faces stiff competition from imported books which are superior in content and quality and offer wider variety for general reading. More than 60 per cent of the academic and university books are currently imported (Ng, 2005). The majority of the local authors view writing as a hobby or a secondary profession and hence pay scant attention to their copyright. The level of copyright awareness among authors is low and some authors prefer to sell their publishing rights to the publisher in return for a lump sum payment. There is a need for industry organizations to play a greater role in promoting copyright awareness among writers and authors.

Many of the publishing companies are small and encounter difficulties in accessing funds to modernize their operations. Industry players attribute this to low market demand, short shelf life for Malaysian books in major chain stores, high distribution costs and overheads. Retailers are also known to demand high discounts, and many publishers sell on a consignment basis and hence shoulder the risks in the event of poor sales.

The reading culture in the country has improved significantly with the increasing level of education and purchasing power, but in contrast to many countries in a similar stage of development, Malaysia's tradition of book authorship, readership and ownership remains relatively weak. Malaysian books have yet to make a strong presence in the global market.

Book piracy and infringement through illegal photocopying, especially by university students, is a perennial problem. At present, there is no copyright collecting society for the publishing industry. Also known as rights reproduction organizations (RROs), they play an important role in protecting the copyright of authors and publishers of educational materials by licensing the copying of such publications (Law, 2008a).

The advent of information technology has altered the landscape of the publishing industry, posing tremendous challenges and opportunities. The growth of the Internet and portable technology such as e-books or personal digital assistants (PDAs) has spurred the growth of electronic publishing or e-publishing. Publishers are now compelled to rise to new challenges of delivering content to consumers in new formats. Authors too can take advantage of these new developments by turning into publishers by publishing their own books online at minimal or zero cost.

Though the industry faces enormous challenges, there are a number of positive factors that augur well for the growth and development of the publishing industry. These include the relatively high level of literacy, strong State support for education at all levels, rapid expansion of private tertiary education, strong emphasis on and commitment to the development of information technology, and an overall positive investment climate.

## 5.2 Music, Theatrical Production and Opera

### *The Music Industry*

Music, theatrical production and opera as a whole is a relatively small subsector of the core copyright industry group, accounting for some three per cent of value added and employment in 2005. The music industry is a highly competitive industry and faces tremendous challenges and opportunities following rapid advancements in ICTs.

The industry has undergone significant transformation worldwide and the Malaysian music industry is no exception. The local industry has evolved from music entertainment via the Radio Malaya stations in the 1940s to gramophone records in the 1950s, vinyl records and open-reel tape recorders in the 1960s, and hi-fi systems in the 1970s. Since the 1970s, technological advancements have made music cheaper and more accessible to a wider audience through the mass production of radios, cassette players and cartridges. The increasing affluence of Malaysians and the international demonstration effects on the local music scene have contributed to the expansion and diversification of the local music industry. The 1970s witnessed the growth of new musical outlets such as dance clubs and discos, while in the latter part of the 1980s karaoke outlets were set up. By the mid-1990s, compact discs (CDs) were popular and became the main medium for musical videos. The advent of CDs has revolutionized the entire music industry and has heightened challenges in addressing piracy.

Currently, there are about 65 active recording companies in Malaysia and the main players include Universal Music Malaysia<sup>8</sup>, Warner Music, EMI and Sony BMG. Together they control some 80 per cent of the music market in Malaysia. These are large global companies with a local presence, and they control the manufacture, marketing, sales and distribution of recorded music through a network of subsidiaries, joint ventures and licensees. There are also a handful of successful home-based independent recording companies such as Life Records (Manisekaran, 2005).

The value chain in the music industry consists of five key areas: artistes and repertoire, recording, production, marketing and sales. Each of these operates as a unique component of the music industry but with multiple close ties between the various individuals such as artistes, songwriters, composers, musicians and producers, who in turn deal with the record companies, production houses, recording studios and publishers.

One of the foremost challenges facing the industry is piracy. Technology has drastically altered access to music products. Previously, customers had to purchase music products from retail outlets, but now they can resort to pirated sources, own devices or the Internet. The incidence of piracy has increased with the advent of optical discs that ensure high-quality reproduction of music. Those peddling pirated music are able to sell at unimaginably low prices and such pirated music is readily available in major stores, let alone open night markets. Producers of genuine music find it exceedingly difficult to compete with these pirated versions as their average costs are greater due to sales tax, advertisements, royalties and higher overheads. Technological advancements and competitively priced technological gadgets have also enabled customers to create their own optical discs. The availability of CD burners along with personal computers allows users to burn CDs for personal consumption as well as for sale using one master CD.

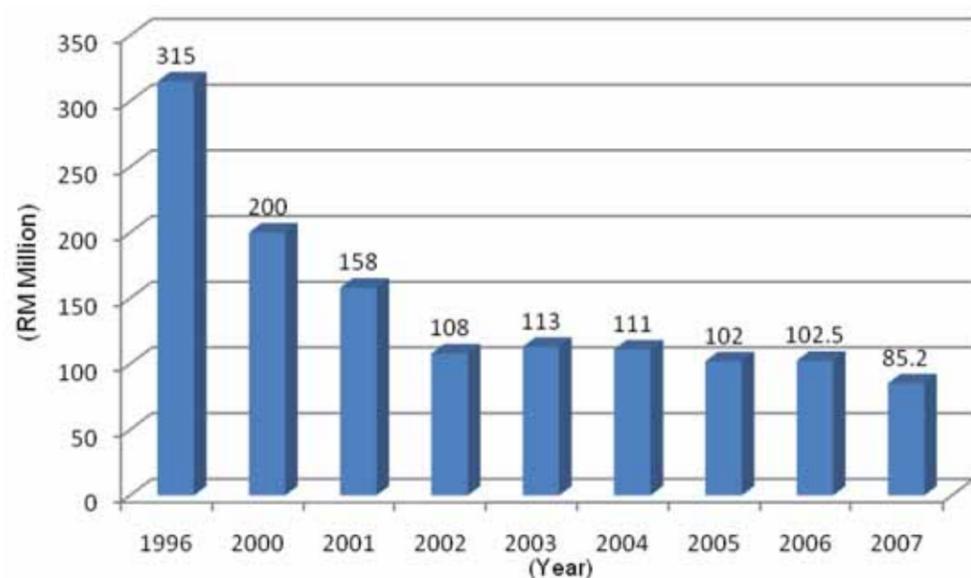
<sup>8</sup> Universal Music Malaysia was formed in 1995 as the Malaysian branch of the Universal Music Group (UMG). In 1998 it merged with Polygram Recording Company that was in existence since 1988. UMG leads the music industry accounting for about a quarter of the global sales.

Yet the music industry is most affected by the downloading of music from Internet sites, some of which offer free music while others are legal sites that sell online. Downloading and burning are done in the privacy of homes and are difficult to monitor. Sites proposing free music offer what is known as "world music" ranging from traditional to modern music in all languages. Such sites are popular among music fans, who download songs onto their computers and later burn them onto optical discs.

According to industry sources, the music industry is a high-risk business with a mere 10 per cent chance of commercial success. Home-production of CDs and the easy availability of cheaper pirated versions have reduced the turnover of companies by as much as 50 per cent over the last decade or so, impacting new investment. For instance, Universal Music Malaysia, a leader in the music industry, experienced a drastic reduction in its turnover from about RM38 million in 1995 to RM20 million in 2005 (Manisekaran, 2005). For the industry as a whole, income from total recorded music sold fell sharply from RM315 million in 1996 to RM113 million in 2003, and has since declined gradually to 85.2 million in 2007 (Chart 5.1). The number of legitimate retail outlets has also declined, as retailers find it difficult to survive under current market conditions.

The decreasing number of new recordings reflects fewer entrants into the music industry, including artistes, songwriters, composers and studio workers such as sound engineers. Recording companies prefer the few well-known artistes who dominate the industry. Many songwriters and composers find it difficult to earn a living from songwriting and composing and the majority rely on a more permanent job for a steady income. Most local artistes rarely have staying power and last at most 5 to 10 years in the profession. Very few local artistes succeed in breaking into the international market (Manisekaran, 2005).

**Chart 5.1 Total Recorded Music Sold\***



Note: \* Includes physical music, digital music, & mobile music  
Source: Recording Industry Association of Malaysia

Apart from piracy that has cut into their margins, the music industry has been battling rising production costs. There has been a sharp increase in advertising and marketing costs. Every media platform, such as radio, TV, press and magazine, has raised advertising rates for the music industry by more than 30 per cent. The recent petrol price hike has likewise pushed up distribution and delivery costs.

On a positive note, concerts and performances have become a valuable source of income for artistes. By giving live performances, artistes have been able to showcase their skills and talents, improve their stagecraft and help market their albums. In addition, the Annual Music Industry Award (Anugerah Industri Muzik), introduced in 1994 to honor local talents and give due recognition to artistes, musicians, composers, producers and others involved in the production of an album, has been a resounding success. It has been able to command an extensive television viewership, capture a regional audience and help promote artistes, both locally and regionally.

The interests of the music industry in Malaysia are represented by the Recording Industry Association of Malaysia (RIM). This body currently represents 112 recording companies engaged in the production, manufacturing and distribution of local and international sound, music video and karaoke recordings, which account for some 95 per cent of the legitimate recordings in the music market<sup>9</sup>. Its main functions include the protection of intellectual property rights of recording companies and the rights of the artistes, as well as monitoring and reviewing legislation, regulation and policies affecting the music industry. It works with the Government at various levels to fight music piracy.

In 2000, an umbrella body called the Persatuan Karyawan Malaysia or KARYAWAN was formed to look after the welfare of all creative and performing artistes in Malaysia, i.e. all those involved in the music, film, entertainment and broadcasting industries. Its objectives go beyond the protection of copyright to include a wide range of issues facing the local entertainment industry, such as:

- Limited formal representation at the governmental level;
- Unemployment of musicians, singers and actors;
- Lack of talent sourcing activities;
- Lack of long-term financial retirement plan;
- Lack of social or welfare services;
- Lack of professional training and education;
- Lack of management know-how;
- Lack of protection for artistes' rights.

KARYAWAN has successfully initiated a number of programs to assist those in the entertainment industry. With respect to the financial retirement plan, KARYAWAN had created a pension scheme in 2004 for legendary and veteran artistes who had made an invaluable contribution to the country's entertainment industry. Since the creation of the pension scheme, eight legendary artistes who had contributed immensely to the arts and entertainment industry have been receiving a total of RM500 per month and will continue to do so for the rest of their lives (Manisekaran, 2005).

In an attempt to revive the spirit of the local artistes and to discover hidden talents, a new program called Akademi Fantasia was introduced in 2003 with the support of the private pay station ASTRO. This annual event has been well received by the Malaysian public and has led to the discovery of new talents.

<sup>9</sup>Source: Recording Industry of Malaysia: <http://www.rim.org.my>.

A number of measures have been introduced by the Government to address piracy inherent in the music industry. A high-level Task Force was formed in 1999 consisting of relevant government bodies and industry members to seek solutions to reduce the incidence of piracy. In 2003, a National Anti-Piracy Campaign was launched with the support of local artistes and the recording industries.

The Optical Discs Act was introduced in 2000 to curb piracy at the manufacturing level. The manufacturing of optical discs could not take place without a valid license and a manufacturing code. Manufacturers are also required to keep records of raw materials, suppliers and customers. Forensic tests have been carried out on seized optical discs in order to trace the source of production. Hologram stickers were introduced in 2002<sup>10</sup> to enable customers to distinguish between counterfeit and original products. The stickers were placed on all mediums or devices on which data may be stored in digital form and read by means of laser or any other means such as CD, VCD, CD ROM, DVD, LD, video cassette or audio cassette. The enforcement division was beefed up with additional manpower to ensure effective enforcement of the Copyright Act. All of these measures have led to a drop in the incidence of piracy in the country.

### **Theatrical Production and Opera**

The performing arts industry in the country can be divided into traditional vs modern or contemporary theatre.

Traditional theatre in Malaysia long remained a very small industry with the majority of performers working on a part-time basis. At present, traditional theatre is performed at functions and arts festivals and is closely associated with the tourism industry and the promotion of national culture and heritage. Performances are also put on at the international level as part and parcel of arts festivals and tourism promotions.

Traditional theatre essentially consists of the Malay Opera or *Bangsawan*, the *Mak Yong*,<sup>11</sup> a traditional dance-drama, and the *Wayang Kulit* or shadow puppet performance. The Malay Opera was a popular form of entertainment until the advent of television. The *Wayang Kulit* is the most well known of the performing arts outside Malaysia and is most popular in the state of Kelantan. Like dance drama, the impact of cinema and television has resulted in a decline in the art form. Today, there are only a handful of master puppeteers known as *dalangs*. The Chinese opera which was popular until the 1960s is now a fading industry.

Modern Malaysian theatre on the other hand first emerged in the capital city of Kuala Lumpur, and today there are companies and theatres in major cities around the country. Given the cultural diversity of the country, contemporary Malaysian theatre is diverse with productions in Bahasa Melayu, Chinese, Tamil and English. They include art forms ranging from comedy and mime to puppetry and children's theatre.

Contemporary theatre has made a comeback with the emergence of a number of new production companies since the late 1980s. These new companies established by some of the leading playwrights, actors and dancers have contributed to the growing professionalism and profitability of the performing arts industry, giving rise to a new breed of artistes who are able to survive solely as artistes.

Some of the leading companies that have taken the performing arts industry to new heights include The Actors Studio (TAS), The Five Arts Centre<sup>12</sup>, Instant Café Theatre and the Sutra Dance Company. The largest of these is TAS, which was set up by a husband-and-wife team in 1989 to stage meaningful theatre, nurture performing arts in the young, and provide training in acting, music, dance, creative movement, creative writing, singing and production.<sup>13</sup>

<sup>10</sup> The Trade Description (Original Label) Order 2002 took effect from 15 January 2003.

<sup>11</sup> *Mak Yong* is a traditional form of dance-drama from Pattani and Kelantan performed by all female casts. Similar to *Mak Yong* is the dance-drama of Kedah, known as *Mek Mulong*.

<sup>12</sup> The Five Arts Centre was established in 1983.

<sup>13</sup> Source: TAS: <http://www.theactorsstudio.com.my>

TAS took the lead in the 1990s to improve the marketing and publicity of theatrical performances by successfully soliciting corporate sponsorship. Today, corporate support of the performing arts has increased within the context of corporate social responsibility.

TAS has actively engaged in the establishment of performance venues to ensure adequate space is available for regular performances. In 2005, TAS joined forces with another social and cultural foundation, *Penyayang*, establishing the Kuala Lumpur Performing Arts Centre (KLPAC) with corporate support. Today, KLPAC has become a national hub for performing arts in the country. KLPAC is well-equipped, with several studios and auditoriums and a performing arts academy. The Centre carries out professional training, workshops and lectures in all forms of performing arts.

State commitment to the performing arts had strengthened with the establishment of a separate new Ministry of Culture, Arts and Heritage<sup>14</sup> in 2004 to promote and develop the industry. The new Ministry, now known as the Ministry of Unity, Culture, Arts and Heritage, has a wide range of programs to "highlight and popularize the arts and culture" and to "preserve the national heritage in its tangible and intangible form".

### **5.3 Motion Picture and Video**

The local film industry essentially consists of the Malay film industry that produces largely for the local Malay market. In recent years, however, a more Malaysian outlook has evolved with the emergence of a group of independent film makers whose low-budget productions are targeted at a wider international audience.<sup>15</sup>

Until the 1980s when the National Film Development Corporation (FINAS) was established, the local film industry was primarily driven by the private sector. However, the establishment of FINAS in 1981 set the stage for a larger State role in the film industry. The main objectives of FINAS are to promote, maintain and facilitate the development of the film industry in the country. In line with these objectives, the Corporation provides training, financial assistance, facilities and amenities, equipment, research and marketing. It also maintains a resource centre and grants licenses to members of the film industry.<sup>16</sup>

FINAS provides financial assistance under various schemes. Financing for the production of quality short films, documentary or animation, including script development, is provided under the Film Art and Multimedia Development Fund, which is managed by a committee comprising film-makers and film activists. Loans are also available under the Feature Film Loan Scheme handled by the Ministry of Unity, Culture, Arts and Heritage, FINAS and the Small and Medium Enterprise Bank. Funds are available for production costs as well as for publicity and promotion. Financing of up to RM1.5 million or not more than 90 per cent of production costs, whichever is lower, is available at an interest rate of four per cent per annum.

FINAS certifies all films produced in Malaysia, and principal photography cannot commence in the absence of a valid license from FINAS. A valid producer's license (also issued by FINAS) is a prerequisite for applying for a film license. All crew and cast must be registered with FINAS or be members of associations approved by FINAS.

Although access to exhibitions remains a contentious issue for Malaysian producers, FINAS does require mandatory screening of all films it certifies as Malaysian filmed in Bahasa Melayu. *Syarat Wajib Tayang* or the Compulsory Screening Scheme requires exhibitors to screen certified films for a minimum of seven consecutive days, after which the exhibitor can make a commercial determination about whether to extend

<sup>14</sup> Previously, arts and culture was combined under the tourism industry and was known as Ministry of Culture, Arts and Tourism.

<sup>15</sup> This group is led by producers like Amir Muhammad, James Lee, and Yasmin Ahmad. While their films have won accolades overseas, they continue to face difficulties at home, particularly with regard to censorship.

<sup>16</sup> Source: FINAS, <http://www.finas.gov.my>.

the season. FINAS also determines the release dates for certified films in order to ensure that they are spread throughout the year and to avoid too many competing for audiences simultaneously.

A government entertainment tax of 25 per cent applies to cinema tickets. Producers of certified Bahasa Melayu language feature films can qualify for the Entertainment Tax Returns. For every Malaysian Ringgit of cinema tax raised from the release of certified films, 25 per cent is retained by the Government and the balance is split equally between the exhibitor and the producer.

With technological advancements such as digital video cameras, animation, graphic and editing software is readily available and affordable and has equipped the younger generation with the tools to make films. This has led to the emergence of a new breed of young independent film-makers with a more multiracial approach to film-making. Their films are produced in English or in languages commonly used in the country and hence fail to qualify for State support from FINAS. These films often have to battle with film censorship as they are deemed contrary to the local Malay culture.

Production of local movies has doubled, rising from 16 movies in 2003 to 30 movies in 2007 (Table 5.3). Likewise, the total number of other types of productions, such as drama, documentary and animation, increased steadily from 375 in 2003 to 527 in 2007 or by some 41 per cent. However, the cost of producing movies has escalated. The average cost of producing local movies increased by about 15 per cent from RM1.48 million in 2003 to RM1.7 million in 2007, while for other productions the increase was around 13 per cent over this period. The production of commercials also increased from 1,232 in 2003 to 1,677 in 2007. However, there was a noticeable decline in their average cost of production from RM0.08 million to RM 0.04 million or by 50 per cent during this period.

Local films face stiff competition from imported films. The total number of all types of films<sup>15</sup> imported increased from 8,723 in 2004 to 9,282 in 2007. The Malaysian film market is multilingual, and the different market segments are served by films from the leading film industry centers around the world. The Malaysian Indian community is served by films from India, the Malaysian Chinese population by films from China, Hong Kong, Singapore and Taiwan and, given the similarity between Bahasa Melayu and Bahasa Indonesia, there is a ready local market for Indonesian films. In addition, local films have to compete with audiovisual material, including music from South Korea and Japan.

**Table 5.3 Malaysian Film Industry Statistics, 2000-2007**

	2003	2004	2005	2006	2007
Local films produced (number)	16	22	23	28	30
Total production cost (RM million)	23.75	43.20	29.77	38.94	51.0
Average production cost: local films (RM million)	1.48	1.96	1.29	1.39	1.7
Number of other productions (number)	375	528	527	615	527
Total production cost of other productions (RM million)	90.9	124.25	128.51	156.95	146.11
Average production cost: Other productions (RM million)	0.24	0.24	0.24	0.26	0.27
Number of commercial productions (number)	1,232	1,401	1,560	1,547	1,677
Total production costs of commercials (RM million)	98.19	63.64	101.10	84.52	73.86
Average production cost: commercial productions (RM million)	0.08	0.05	0.06	0.05	0.04
Import of all types of films (number)	-	8,723	11,508	11,508	9,282
Number of admissions (million)	12.8	16.7	25.9	27.9	33.6
Total box office takings (RM million)	172	205	244	255	326
Number of cinema screens (number)	203	216	222	247	388

Note: \* Sourced from United International Pictures  
Source: FINAS

The cinema exhibition industry, which was hard hit by the advent of home videos, has, however, witnessed a revival. Cinema admissions almost tripled from 12.8 million in 2003 to 33.6 million in 2007, despite the rise in ticket prices. One major development has been the shift from stand-alone movies to multiplexes which can house as many as 12 screens in one movie theatre. The trend is towards less seats and more ambience.

According to industry sources, the incidence of piracy has declined as the "newness" of pirated DVDs has faded. Total gross box office takings almost doubled from RM172 million in 2003 to RM326 million in 2007. As a result, some of the major local cinema chains, such as the Golden Screen Cinema and Tanjong Golden Village, have increased their investment. During this period, there was a twofold increase in the total number of screens from 203 in 2003 to 388 in 2007.

<sup>15</sup> This includes feature, documentary, musical, animation, trailer, sports, commercial, comedy, promotion, reality TV, game shows and education films.

**Table 5.4 Total Collection by Film Language, 2003-2007 (Percentage)**

Year	Malay	Chinese	Tamil	English	Indonesia	Others	Total
2003	24.2	13.6	4.5	56.9	0.4	0.5	100.0 (96.74)
2004	21.9	17.5	3.7	53.2	0.1	3.8	100.0 (124.62)
2005	12.3	15.9	7.1	61.4	1.0	2.4	100.0 (217.35)
2006	12.6	16.8	4.7	60.8	0.7	4.4	100.0 (234.98)
2007	10.4	9.8	4.9	69.7	1.4	3.8	100.0 (289.31)

Note: Figures in parentheses denote RM million

Source: FINAS

Hollywood continues to dominate the local cinema industry, holding a market share of over 60 per cent since 2005 (Table 5.4). Tamil and Chinese movies also saw some growth during this period. In contrast, the share of collection from local Malay language movies declined by more than 10 percentage points from 24.2 per cent in 2003 to 10.4 per cent in 2007, despite the gradual increase in the number of local Malay films produced and released in the market. The commercial viability of Malay movies has weakened with the increase in production costs from some RM1.3 million per movie in 2005 to about RM1.7 million per movie in 2007 (Table 5.3).

#### 5.4 Radio and Television

The broadcasting industry has evolved from radio to television to satellite TV. These shifts in broadcasting have paralleled a shift towards greater private sector participation with the liberalization and reregulation of the industry. At present, there are over 30 radio network stations, six television station operators, and one subscription television operator.

##### Public Broadcasting

The public broadcaster, Radio Television Malaysia (RTM), comes under the purview of the Malaysian Broadcasting Department, Ministry of Information. It provides very comprehensive service through 32 radio stations nationwide, two overseas broadcasting stations (Voice of Malaysia and Voice of Islam<sup>18</sup>) and two television channels (RTM 1 and RTM 2), together with a range of other services including publishing. Since 1995, it has hosted a website.<sup>19</sup>

In an increasingly competitive broadcasting environment, RTM provides multi-lingual schedules of cultural, educational and information programs, including its own daily news service, on both radio and television, to national audiences. Its emphasis is on original material.<sup>20</sup> At present, dramas are outsourced, with regular payments to the three copyright collecting societies.

<sup>18</sup> Voice of Malaysia is broadcast in 8 languages, i.e. English, Malay, Mandarin, Arabic, Thai, Myanmar, Indonesian and Tagalog, while Voice of Islam is broadcast in Malay and English.

<sup>19</sup> Source: Radio Televisyen Malaysia, www.rtm.gov.my.

<sup>20</sup> Source: Radio Televisyen Malaysia, see www.rtm.gov.my.

The objectives of RTM are to inform, educate, and entertain. Although it has a social responsibility, it has begun to emphasize economic performance. RTM was previously funded publicly through funds obtained from television licensing. Since the abolition of the television license, it has been subsidized by the State. In recent years, its revenue from advertisements has been on the rise, increasing 15 per cent from RM2.86 billion in 2006 to RM 3.28 billion in 2007.<sup>21</sup>

The television commercials industry is afforded some protection by the Made-in-Malaysia regulation, which specifies that all commercials for local products and services must be at least 70 per cent locally produced. Television commercials are also subject to the Malaysia Code of Advertising.

##### Commercial Broadcasting

There are two relatively large integrated media investment groups that carry out commercial broadcasting, i.e. Media Prima Berhad (MPB) and ASTRO All Asia Networks Plc (ASTRO). Both media groups compete for a relatively small but growing domestic market and both have ventured into the international market for broadcasting and entertainment.

MPB's TV networks include TV3, NTV7, 8TV, and TV9, all of which are free-to-air channels. Together, these accounted for some 50 per cent of the nation's viewership (AGB Nielson Media Research). TV3 is the flagship television station of the media group. It was launched in 1984 as the nation's first private TV network and is currently the largest free-to-air station in the country, holding the nation's Top 10 programs. In 2007, TV3 accounted for some 44 per cent of advertising income and some 32 per cent of total television viewership, including pay-TV.<sup>22</sup>

The three remaining channels target different market segments. The 8TV channel made its debut in 2004 and targets the urban youth and the Chinese audiences in the country with high quality foreign programs and unique local content. It has also launched a series of locally produced reality shows such as the One in a Million, which has been a highly successful talent search program. Channel NTV7 is another network that has successfully captured the local Chinese market, especially with its local Chinese drama. TV9, the newest of the networks, targets the young semi-urban and rural Malays who are perceived to have more traditional Malay values. Apart from entertainment and news, it broadcasts programs that are not available on the other networks, such as religious programs. The inclusion of TV9 in ASTRO, the pay-TV, has enabled it to reach a wider audience, especially in Sabah and Sarawak. MPB has also operated a free-to-air TV network in Ghana since 1997 and has been able to capture some 10 per cent of the total advertising market in Ghana.

MPB further operates two radio networks – Hot FM and Fly FM. Hot FM had some 4.3 million viewers in 2007, while Fly FM is the number two English radio station in the country (AGB Nielson Media Research). Fly FM has been able to maximize its client reach and frequency through an integrated marketing plan with the other media channels of MPB.

The media group has also launched the country's first third generation (3G) mobile television service, which serves as a channel for users to view programs from their television networks on a 3G-enabled mobile device at reasonable rates.

Satellite TV in the country is provided by MEASAT Broadcast Network Systems.<sup>23</sup> Their ASTRO service commenced in 1996 and is a direct-to-home platform, providing over 100 pay-TV channels and 17 digital

<sup>21</sup> Syafiq Alfonso Abdullah, Briefing and Updating by Broadcasting Industry, Presentation at the Workshop on Copyright Industries in Malaysia: Performance and Prospects, organized by MyIPO in Cooperation with WIPO, August 2008.

<sup>22</sup> Source: Media Prima Berhad: <http://www.mediaprima.com.my>

<sup>23</sup> MEASAT Broadcast Network Systems enjoys a 20-year license for satellite direct-to-home transmission in the country.

radio channels across Malaysia and Brunei to some 2.2 million subscribers in four main languages. ASTRO's service is delivered via the Malaysia East Asia Satellite (MEASAT), which covers Malaysia and other Southeast Asian countries. ASTRO has turned into a regional player with subsidiaries in Hong Kong and Philippines, an Indian joint venture to provide direct-to-home satellite services in India, as well as an ASTRO-branded subscription pay-TV service to over 100,000 subscribers in Indonesia under a trademark license agreement.<sup>24</sup> The ASTRO group of companies is actively engaged in origination, aggregation and distribution of content. In 2007, its in-house production amounted to 1,700 hours and comprised entertainment, information and news programs. Its eight FM terrestrial radio stations in the four main languages are very popular: they account for half of all radio listeners in the country and command a substantial portion of the advertising revenue of the radio industry.<sup>25</sup> A subsidiary of the Group of Companies creates Bahasa Malaysia and Bahasa Indonesia content distribution to these markets, thereby providing a platform for leading local producers and directors to actively engage in the film industry. The subsidiary in Hong Kong, Celestial Pictures, owns and distributes the world's largest Chinese film library. Through its subsidiary in the Philippines, it produces popular animated content.

ASTRO advertising revenue has been growing steadily with new entrants. Total advertising revenue stood at RM3.8 billion in 2004, rising to RM5.5 billion in 2008 (Table 5.5). However, its revenue from radio advertising has increased significantly with market leadership in terms of listenership. Revenue from radio advertising grew at an impressive rate of 7.6 per cent during this period, accounting for some 68 per cent of total radio advertising income.

ASTRO has successfully penetrated the mass market with the introduction of new channels and aggressive marketing. Currently its penetration rate for all households is around 40 per cent (Table 5.6). Though the penetration rate is lower among Malay households, in terms of total customer base, Malays accounted for about half, while the Chinese and Indians represented about 32 and 13 per cent, respectively.

**Table 5.5 Revenue from Advertisements, ASTRO (RM million)**

	2004	2005	2006	2007	2008	Average annual rate of growth
Total advertising revenue	3,831	4,458	4,560	4,748	5,531	0.1
Total radio advertising revenue	166	168	181	203	246	7.6

Source: ASTRO: <http://www.astro.com.my>

**Table 5.6 ASTRO Penetration Rate (Percentage)**

Ethnicity	2007	2008
Malay	34	40
Chinese	47	46
Indian	66	69
Others	14	16
Total	37	40

Source: ASTRO: <http://www.astro.com.my>

<sup>24</sup> Source: ASTRO: <http://www.astro.com.my>

<sup>25</sup> Source: *ibid*

## 5.5 Software and Databases

The software and databases industry is one of the fastest-growing sectors in the economy. Digital technology has been adopted to create a wide range of original local content in the area for education, entertainment, commerce and industrial activities for both local and foreign markets. The industry grew at around seven per cent per annum from 2000 to 2005, exporting some RM5 billion worth of exports per annum<sup>26</sup>. As noted earlier, the industry accounted for more than a quarter of the value added and about one fifth of employment in the core copyright industry group in 2005.

The industry has received strong State support in the form of investment in essential ICT infrastructure development, fiscal and financial incentives and skills training. The Multimedia Super Corridor (MSC), set up in 1996 to build a cluster of local ICT companies and a sustainable ICT industry, continues to provide the platform and enabling environment to develop the ICT industry. Companies set up within the MSC have access to modern physical infrastructure (fiber optic) and a number of fiscal incentives such as income tax exemption for up to 10 years, 100 per cent investment tax allowance, free import of multimedia equipment and employment of foreign knowledge and IT workers. A number of flagship applications were initiated to spearhead the development of the multimedia industry. These included the Electronic Government, Smart School, Government Multipurpose Card and Telehealth as well the R&D Cluster, e-Business, and Technopreneurship programs. These State-driven initiatives have contributed to the dynamism of the software and database industry. MSC has now entered the second phase with the expansion of the concept to several new cybercities and cybercenters located throughout the country.

Heavy investment in ICT infrastructure has paralleled an increase in ICT adoption in the country. The penetration of personal computers (PCs) installed doubled from 9.4 per 100 population to 21.8 in 2005, while Internet dial-up subscription penetration doubled from 7.1 per 100 population in 2000 to 13.9 in 2005 (Table 5.7). The number of cellular phone subscription increased fourfold from 5.0 million in 2000 to 19.5 million by 2005. To narrow the digital divide in the country, a program of universal access was established. Telecenters were established in under-served areas, tariffs for telephone and Internet subscription were revised, and PC ownership was promoted. Customized content and online applications were developed to promote the uptake of the ICT facilities and services.

The ICT industry was liberalized and a new regulatory framework was developed. The Malaysian Communications and Multimedia Commission (MCMC), set up in 1998, is the regulator for the communications and multimedia industry. It is charged with implementing and promoting the Government's national policy objectives for the communications and multimedia sector, in addition to overseeing the development of the regulatory framework for the converging industries of telecommunications, broadcasting and online activities.<sup>27</sup>

The Communications and Multimedia Act 1998 provides for the Content Forum to develop the Content Code and to enforce the Code containing governing standards and practices in the communications and multimedia industry.<sup>28</sup> The Content Code demonstrates a commitment towards self-regulation by the industry in compliance with the Communications and Multimedia Act 1998. The Communications and Multimedia Content Forum of Malaysia developed the Communications and Multimedia Content Code, officially launched on October 21, 2004, the full text of which is now available online.<sup>29</sup>

<sup>26</sup> Source: MSC Malaysia: <http://www.msomalaysia.my>

<sup>27</sup> Source: Malaysian Communications and Multimedia Commission, [www.mcmc.gov.my](http://www.mcmc.gov.my)

<sup>28</sup> Communications and Multimedia Content Code, Communications and Multimedia Content Forum of Malaysia, 2004, available online at: [http://www.mcmc.gov.my/mcmc/facts\\_figures/codes\\_gl/guidelines/pdf/ContentCode.pdf](http://www.mcmc.gov.my/mcmc/facts_figures/codes_gl/guidelines/pdf/ContentCode.pdf).

<sup>29</sup> *Ibid*.

In 2000, the licensing regime for the applications service providers was further liberalized to create a self-regulatory environment. This led to an increase in the number of application service providers (ASP) licenses issued for Internet access and Voice over Internet Protocol (VoIP) services. In 2005, the Malaysian Information, Communications and Multimedia Services (MyICMS) Blueprint was completed, outlining the principles for the orderly and integrated development of the convergence of the three key sectors in the ICT industry, namely cellular telephony, Internet and broadcasting.

**Table 5.7 Selected ICT Indicators, 2000 & 2005**

Indicator	2000	2005
<b>Cellular phone subscriptions</b>		
Number of subscriptions (million)	5.0	19.5
Penetration rate (%) <sup>*</sup>	21.8	74.1
<b>Personal computers installed</b>		
Number of units installed (million)	2.2	5.7
Penetration rate (%) <sup>*</sup>	9.4	21.8
<b>Internet dial-up subscriptions</b>		
Number of subscriptions (million)	1.7	3.7
Penetration rate (%) <sup>*</sup>	7.1	13.9
<b>Internet broadband subscriptions</b>		
Number of subscriptions	-	490,630
Penetration rate (%) <sup>*</sup>	-	1.9

Note: \* Refers to penetration rate per 100 population

Source: Malaysian Communications and Multimedia Commission and Economic Planning Unit as cited in Malaysia (2006), Table 5-1, p.135

A special RM150 million content fund was established under the Ninth Malaysia Plan, 2006–2010 to support digital content development and to promote and nurture creative content developers. Funds are made available through the Multimedia Development Corporation (MDeC) Technopreneur Pre-seed Fund (RM150,000 each) and the MDeC Malaysia R&D Fund (RM120 million). In addition, private funding is also available.

The number of MSC companies more than doubled from 621 in 2001 to 1,421 in 2005, of which 50 per cent were engaged in software development for general enterprise solutions and data warehousing, and high-end specialized applications and e-commerce (Table 5.8). The development of local software has been predominantly in English, but of late, there has been some software development in the national language, especially in the local open source arena. The total number of jobs created by the MSC companies increased from 14,438 in 2001 to 27,288 in 2005, with over 88 per cent consisting of knowledge workers in 2005. They exported about 1.6 billion worth of exports in 2005 and registered 119 IPs. Over 1,815 IPs have been registered since the scheme was launched<sup>30</sup>. IP protection is encouraged through funding under the IP Grant Scheme. MSC companies can apply for funds of up to 70 per cent of the total costs incurred in application to register trade/service marks, patent and industrial design.

<sup>30</sup> Sourced from MSC Malaysia: <http://www.msomalaysia.my>

With the increase in demand for offshore shared services and outsourcing (SSO) worldwide, MSC has been able to market itself as a global SSO destination. By the end of 2005, about 50 companies were engaged in SSO activities, providing about 2,000 jobs for skilled workers (Malaysia, 2006, p.137).

The entertainment software industry, which includes console, computer and mobile games, is a fast-growing market segment. The more popular games are those with an action orientation. The online gaming and mobile game market in Malaysia is estimated to have grown by about 46 per cent and generated income through subscription revenue amounting to some RM30 million in 2005. The industry is being driven by an increase in PC ownership, stronger broadband growth, increased mobile penetration, new technologies and platforms, wealth creation, and high cellular telephone usage.<sup>31</sup>

**Table 5.8 Selected MSC Indicators, 2001 & 2005**

Category	2001	2005
<b>MSC-status company (number)<sup>*</sup></b>	621	1,421
Locally owned	410	1,033
Foreign owned	198	349
Joint venture (50-50)	13	39
<b>Job creation (number)<sup>*</sup></b>	14,438	27,288
Knowledge workers	12,169	24,252
Others	2,269	3,036
<b>Investment (RM billion)</b>	3.16	5.11
<b>Revenue (RM billion)</b>	-	7.21
<b>Exports (RM billion)</b>	-	1.57
<b>R&amp;D expenditure (RM million)</b>	-	670
<b>IPs registered (number)</b>	-	119

Note: \* Cumulative figures

Source: Multimedia Development Corporation and Economic Planning Unit as cited in Malaysia (2006), Table 5-3, p.146

The Government has earmarked the creative multimedia cluster as a new source of growth and has introduced a number of new support measures, including the launch of the MSC Creative Applications and Development Centre (CADC). The CADC aims to foster strategic collaboration between local companies and institutions of higher learning to spawn R&D activities in high-value-added content development such as visualization, computer graphics imaging and production design. The creation of special zones such as the Digital Media Zone in Cyberjaya and the setting-up of similar Creative Zones in newly designated cybercenters as digital content development hubs are aimed at creating a sustainable pool of content providers.

<sup>31</sup> Rajkumar, M, Entertainment Software Industry in Malaysia, presentation at the Workshop on Copyright Industries in Malaysia: Performance and Prospects, 28 August, 2008.

There, two main industry organizations that represent the interests of the ICT industry are the Association of the Computer and Multimedia Industry of Malaysia (PIKOM) and the Business Software Alliance (BSA). PIKOM is a locally based organization that actively lobbies and advises the Government on the issues and problems faced by the industry. Its membership stands at over 750 companies which are engaged in a whole spectrum of ICT products and services and which account for some 80 per cent of the total volume of ICT business in the country. BSA is an international body that has an active presence in Malaysia. Its primary objective is to address piracy and related copyright concerns.

## 5.6 Copyright Collecting Societies

There are currently five copyright collecting societies (CCS), of which three are operational:

- The Music Authors Copyright Protection Bhd. (MACP), which administers the public performance, broadcast and diffusion rights in musical and associated literary works on behalf of its members;
- The Public Performance Malaysia Pte. Ltd. (PPM), which administers the recording industry's rights; and
- The Performers and Artistes Rights Malaysia Pte. Ltd. (PRISM), which administers the collection of royalties for performers in the public performance of music.

The three CCCs employed a total of 66 workers and collected a total of RM 48.5 million worth of royalties in 2007 (Table 5.7).

**Table 5.9 Total Royalties Collected by Copyright Collecting Societies, 2004-2007 (RM million)**

Year	MACP	PPM	PRISM	Total
2004	18.11	16.59	0.13	34.83
2005	20.69	18.78	0.31	39.78
2006	22.31	18.98	0.48	41.77
2007	24.69	22.72	1.10	48.50

Source: MACP, PPM, PRISM as collated by RIM.

### *Music Authors Copyright Protection Bhd. (MACP)*

The MACP was established in 1989 and represents the majority of composers, authors and publishers of music in Malaysia. It is also a member of the International Confederation of Societies of Authors and Composers (CISAC) and administers the rights of owners of foreign musical works. There are about 2,200 local members and 2.5 million from around the world. Currently, it owns or controls for Malaysia the public performance rights of close to 98 per cent of all music created in the world and probably all of the works that enjoy copyright.

### *The Public Performance Malaysia Pte. Ltd. (PPM)*

PPM is a national non-profit-making body set up in 1988 as a subsidiary of the International Federation of Phonographic Industry (IFPI) to exercise the recording industry's rights in Malaysia and to grant licenses for the public performance and broadcasting of all sound recordings. The PPM therefore represents the recording industry for the convenience of users of sound recordings and music videos including karaokes (as contained in cassettes, CDs, LDs, VCDs, DVDs, etc).<sup>32</sup> PPM is currently responsible for the administration of rights for broadcasting and public performance and the collection of royalties on behalf of IFPI and the Recording Industry Association of Malaysia (RIM).

<sup>32</sup> Sourced from Public Performance Malaysia: <http://www.ppm.org.my>

PPM issues licenses for the following usages of the recordings:

- Public performance (i.e. playing or showing in public);
- Communication to the public (including broadcast);
- Copying or reproduction for the purpose of (i) and (ii) above; and
- Commercial rental.

Examples of establishments and businesses that may require a public performance license include mobile discos, hotels and hotel ballrooms, night clubs, cinemas, restaurants, jukeboxes, fashion shows and amusement parks.

### *The Performers and Artistes Rights Malaysia Pte. Ltd. (PRISM)*

PRISM was formed in 2001 by artistes in the music industry, i.e. by singers, musicians and secessionists. Its main objectives include:

- The protection and enforcement of the rights of performers, i.e. the recording artistes in the music industry; and
- The collection and administration of royalties for public performance, broadcasting and communication on behalf of the performers.

On February 17, 2003, a Memorandum of Understanding was signed by PRISM and PPM to authorize PPM to collect royalties on behalf of PRISM. Some 600 local and 100,000 foreign artistes are members of PRISM.

The Copyright Act does not decide the royalty rate and the mode of payment. PPM and MACP collect royalties for public performance of music in public places through mechanical means such as tapes, records, CDs videos, radios, TVs, karaoke, juke boxes or even telephone music on hold. MACP, by virtue of its role, collects for the live performance of music, while PPM does not collect for the live performance. Generally, both these CCSs base their rates on the importance of the music to the user. If music is the main feature of entertainment, such as in dancing halls and karaoke halls, the rates are higher but if the music is not the main feature as in the case of piped music in retail outlets, the rates are lower. This ultimate decision is left to the CCSs that are familiar with the international trends in determining the rates.

## 6. Trade in Copyright-based Industries

### Introduction

Export and import data on copyrighted products were gathered at the eight-digit SITC code. There were a total of 11 products that can be classified as copyrighted materials.

Exports and imports are valued on a customs basis in current Malaysian Ringgit and the value of re-exports is excluded to obtain the value of domestic exports and imports.

Trade figures capture only a fraction of the total value of the copyrighted products as cautioned in several country studies (WIPO, 2004, p.145). For instance, trade data merely capture the initial transaction value at the border and fail to include the total value generated by the copyrighted products. A good example is the import of a film, where only the value of the master copy is included, but not the additional revenue from copies sold in the market. Therefore, the trade data tends to grossly underestimate the true value of the export and import of copyrighted products.

In addition, trade in intangible copyrighted products such as cultural performances is not included in trade statistics, accentuating the underestimation of foreign currency earnings from copyrighted products.

### 6.2. Trade Contribution

Exports of core copyright-based products doubled from RM1.5 billion in 2000 to RM3.1 billion in 2005, accounting for some one per cent of the total value of exports (Table 6.1). In contrast, imports of copyrighted goods have declined from about RM1.9 billion to about RM1.6 billion during this period, representing some 0.4 per cent of total imports. As a result, net earnings from copyrighted products rose to RM1.6 billion in 2005 from a net loss of RM0.5 billion in 2000.

The largest export item was musical instruments, and parts and accessories, which accounted for some 84 per cent of total export of copyrighted goods. It more than doubled from about RM1 billion in 2000 to RM2.6 million in 2005 (Table 6.2).

**Table 6.1 Copyright Contribution to Trade, 2000-2005**

	2000	2005	Growth rate (%)
Exports of copyright goods (RM million)	1,489.8	3,056.1	15.5
Total printed matter (% of total copyright)	35.2	15.8	(1.6)
Musical instruments and parts and accessories thereof (% of total copyright)	64.8	84.2	21.6
Import of copyright goods (RM million)	1,940.7	1,589.1	(3.92)
Total printed matter (% of total copyright)	34.1	50.1	3.8
Musical instruments and parts and accessories thereof (% of total copyright)	65.9	49.9	(9.1)
Net revenue (RM million)	(450.9)	1,589.1	-
Total Malaysian exports (RM million)	373,270.3	311,458.9	7.4

Note: Figures in brackets denote negative values

Source: Annual Trade Statistics, Department of Statistics, Malaysia.

	2000	2005	Growth rate (%)
Total Malaysian imports (RM million)	481,253.0	399,632.2	-2.0
% of Malaysian exports	0.4	1.0	-
% of Malaysian imports	0.4	0.4	-

**Table 6.2 Trade in Copyrighted Goods, 2000 & 2005 (RM million)**

SITC	Item	2000		2005	
		Export	Import	Export	Import
<b>892</b>	<b>Total printed matter</b>	524.0	661.5	484.1	796.6
892-1	Books, pamphlets, maps and globes	353.3	295.3	349.5	3363.8
892-2	Newspaper, journals and periodicals	26.4	30.9	7.5	31.7
892-4	Postcards, personal greeting, message or announcement cards	8.4	11.5	6.2	10.4
892-8	Printed matter, not elsewhere classified	135.9	323.8	120.8	390.7
<b>898</b>	<b>Musical instruments and parts and accessories thereof</b>	965.8	1,279.2	2,571.9	792.5
898-1	Pianos and other string instruments	65.7	50.9	23.3	27.1
898-2	Musical instruments, excluding pianos and other string musical instruments	427.8	64.1	138.3	93.5
898-4	Magnetic tapes for sound	48.0	39.8	22.6	35.2
898-5	Other prepared or unrecorded media for sound recording	294.8	630.0	2,551.0	350.5
898-6	Magnetic tapes recorded	8.7	23.1	5.5	13.1
898-7	Records and other recorded media for sound	116.3	442.0	124.9	262
898-9	Parts and accessories of musical instruments	4.3	29.3	6.3	10.6

Source: Annual Trade Statistics, Department of Statistics Malaysia

## 7. International Comparisons

Several countries have carried out similar studies to estimate the contribution of copyright industries in their economies. The findings of these studies are drawn to compare and contrast the relative significance of activities in Malaysia protected by copyright and related rights.

A total of 14 countries have been selected for comparative analysis based on data availability. The definitions and approach used in some of the country studies differ somewhat. Nonetheless, they provide a broad indication of the relative significance of copyright-related activities in their respective economies.

**Table 7.1 Contribution of Copyright-Based Industries to GDP and Employment in Selected Countries**

Country	% of GDP	% of Employment
United States (2001)	12.0	8.9
Canada (2001)	5.4	6.9
Australia (2000)	3.3	3.8
Singapore (2001)	5.7	5.8
Hungary (2002)	6.7	7.2
Republic of Croatia (2002)	4.8	4.2
Colombia (2003)	3.4	5.8
Russian Federation (2004)	6.1	7.4
Ukraine (2005)	2.1	1.2
Philippines (1999)	4.8	11.1
Mexico (2003)	8.1	11.0
Jamaica (2005)	4.8	3.0
Bulgaria (2005)	3.4	2.8
Lebanon (2005)	4.8	4.5
<b>Malaysia (2001)</b>	<b>5.3</b>	<b>5.8</b>
<b>Malaysia (2005)</b>	<b>5.8</b>	<b>7.5</b>

Source: WIPO (2006); WIPO (2008); Unpublished country reports (see reference)

The United States of America undoubtedly leads all other nations in terms of the contribution of copyright-based industries to GDP. Total copyright-based industries in the US accounted for some 12 per cent of GDP in 2001 compared to about 5.3 per cent for Malaysia (Table 7.1). However, copyright-based industries are more labor-intensive in Malaysia and therefore accounted for some 5.8 per cent of total employment compared to 8.9 per cent in the United States. This was also true for all other countries where the contribution to employment is much higher than to GDP. Mexico clearly leads all other developing economies in terms of the contribution of copyright-based industries to the economy. In some of the labor surplus economies, such as the Philippines and Mexico, copyright industries are an important source of employment, accounting for as much as 11 per cent of national employment.

The GDP and employment ratios of copyright-based industries in Malaysia are also consistent with the findings of the Singapore economy, with which Malaysia shares similar development experiences. About 5.7 per cent of Singapore's GDP is attributable to copyright-related activities, while their employment contribution is around 5.8 per cent. The relative values for Malaysia are 5.3 per cent and 5.8 per cent. Clearly, even in a small labor-scarce economy such as Singapore, copyright-related activities are relatively

labor intensive. This is a characteristic feature of the creative and cultural industries the world over.

A comparative analysis of the core copyright industry group is more meaningful as the industry classifications are broadly similar. Table 7.2 shows the performance of the core copyright industries in each of the countries. In all countries where data is available, the core copyright industry group was about half the size of the total copyright-based industries, both in terms of value added and employment. Core copyright activities are almost twice as significant in the United States of America, which registered the highest contribution to GDP. The core copyright industries in Malaysia accounted for 2.8 per cent of GDP, which is about the same as in Singapore. In some developing economies, such as the Philippines, Hungary, Republic of Croatia and Ukraine, the core copyright industries are relatively more significant.

**Table 7.2 Contribution of Core Copyright Industry Groups to GDP and Employment in Selected Countries**

Country	% of GDP	% of Employment
United States (2001)	4.9	4.3
Canada (2001)	n.a	n.a
Australia (2000)	n.a	n.a
Singapore (2001)	2.9	3.6
Hungary (2002)	4.0	4.2
Republic of Croatia (2002)	3.3	2.8
Colombia (2003)	1.8	1.6
Federation of Russia (2004)	2.4	4.4
Ukraine (2005)	3.3	1.9
Philippines (1999)	3.5	8.8
Mexico (2003)	2.6	3.4
Jamaica (2005)	n.a	n.a
Bulgaria (2005)	1.9	1.6
Lebanon (2005)	2.5	2.1
<b>Malaysia (2001)</b>	<b>2.8</b>	<b>3.5</b>
<b>Malaysia (2005)</b>	<b>2.9</b>	<b>4.7</b>

Source: Same as in Table 7.1

## 8. Impact of Copyright-based Industries on the Economy

### 8.1. Introduction

Establishment surveys provide an estimation of the direct contribution of an industry to the economy. However, the activities of an industry have a direct as well as an indirect impact on the economy, and the input-output (I-O) table, which records all inter-industry transactions in the economy, can be used to estimate the total impact of any change in industry activity.

The input-output table shows not only the demand for inputs resulting from an increase in output of a particular industry, but also the long chain of production effects that arise as a result of demand for inputs to produce products demanded by the first industry. The following estimates the impact of the core copyright industries on the economy using the 2000 input-output table.

The 2000 I-O table consist of 92 production sectors and of this, the core copyright activities are captured by the following 9 I-O sectors (See Appendix 3):

- I-O code 36 Printed matter
- I-O code 69 Wholesale and retail
- I-O code 72 Communication
- I-O code 78 Business services
- I-O code 83 Private non-profit institutions
- I-O code 84 Entertainment
- I-O code 85 Radio and television broadcasting
- I-O code 86 Recreation
- I-O code 94 Other public administration

Many of these sectors include output from copyright and non-copyright activities. It is assumed that the input structure of the I-O sector to which a subsector of the core copyright industry belongs reflects the input-output structure of the core copyright activities. For instance, the I-O Code 36: Printed matter, may well represent the input structure of press and literature.

### 8.2 Impact of Core Copyright Industries on the Economy

The I-O table records both the demand and supply responses of an industry's activities. Hence, when an industry such as "printed matter" increases its production, there is an increase in demand for inputs from other industries that supply inputs to "printed matter". This increase in demand for inputs from the other sectors is termed the "backward linkage". An industry with a higher backward linkage induces more productive activities throughout the economy. On the other hand, an industry may supply inputs to one or more industries. This indicates the "forward linkage" of an industry with the industries to which it supplies inputs. An industry with a higher forward linkage is relatively more sensitive to changes in other industries' output.

If a large portion of the total inputs is imported, the impact on the economy of an increase in production of an industry is reduced by the amount of "leakages" via imported inputs. Table 8.1 shows the input structure of core copyright industries. The core copyright industries purchased about 21 per cent of its inputs from other domestic industries and imported about 15 per cent of its total inputs from overseas. Total wages received by labor amounted to about 18 per cent while gross profit was about 45 per cent. The core copyright industry is not very input-intensive and provides relatively high gross returns to capital.

**Table 8.1 Input Structure of Core Copyright Industries, 2000**

Sector	Input Coefficient
Total domestic intermediate inputs	0.2119
Imports	0.1549
Value added	0.6332
Wages	0.1799
Operating surplus	0.4533
Total	1.0000

The total impact of the core copyright industries vis-à-vis other industries is evaluated using a computable general equilibrium (CGE) model of the Malaysian Economy.<sup>33</sup> The CGE model is constructed using the 2000 Input-Output Table for Malaysia, and the impact of changes in industry output on value added, employment and exports is simulated. The analysis takes into account both the direct and indirect impact of output changes on the economy. Tables 8.2 shows the impact on value added, employment and exports following a 10 per cent increase in the output of the various core copyright industries as well as other sectors for a comparative analysis.

The communications industry has the highest impact on GDP and employment. A 10 per cent increase in its value added increases total GDP by 10.7 per cent and total employment by 28.3 per cent. Printed matter, wholesale and retail and recreation are the other core copyright industries that have a relatively higher impact on the economy, especially in terms of GDP and employment. These three core copyright industries have a higher impact on the GDP and employment compared to other larger industries such as knitted fabrics, furniture and bank services.

Overall, the core copyright industries tend to have a higher impact on employment than GDP. They are also domestic-oriented industries, with minimal impact on exports. In other words, they are less exposed to external shocks.

**Table 8.2 Impact of a 10 Per Cent Increase in Value Added by Sector On GDP, Employment and Exports (Percentage Change)**

Industry	GDP	Employment	Exports
<b>Core Copyright Industries</b>			
Printed matter	1.30	3.63	0.34
Wholesale and retail	1.44	3.83	*
Communication	10.7	28.3	*
Business services	0.40	10.00	2.10
Private non-profit institutions	0.10	0.30	0.30
Entertainment	0.90	2.40	*
Radio & TV broadcasting	0.30	0.30	*
Recreation	1.00	2.80	*
Other public administration	0.10	0.30	*
<b>Selected Sectors</b>			
Oil palm primary products	1.7	4.5	24.0
Knitted fabrics	0.5	1.4	17.3
Furniture	0.4	0.9	11.3
Bank services	0.9	2.5	0.29
Insurance	3.4	8.9	0.7
Buildings and construction	1.2	3.2	*

Note \* Negligible

<sup>33</sup> The Malaysian General Equilibrium Model (MGEM) is a detailed multi-dimensional CGE of the Malaysian economy developed using the Johansen's technique and solved with the GEMPAK Software.

## 9. Conclusion

Copyright-based industries in Malaysia have played an increasing role in the growth and development of the Malaysian economy. The estimated contribution of value added in 2005 was RM30.2 billion or 5.8 per cent of GDP. The industry also employed about 817,000 workers or 7.5 per cent of the total workforce.

Exports of copyrighted products in 2005 came to RM3.1 billion or one per cent of total export earnings. More importantly, the trade balance turned positive to reach RM1.6 billion in 2005 from a net loss of RM0.5 in 2005, largely due to the double-digit growth in exports of copyrighted products.

Of particular significance was the pace at which the industries grew. They recorded annual average growth of 11.1 per cent from 2000 to 2005, surpassing the national growth rate of 6.6 per cent. They also outperformed all other services and resource-based industries, with the exception of mining and quarrying, which recorded the highest growth at 13.1 per cent.

Productivity or real value added per worker in the copyright-based industries in 2005 was RM34,848, which is higher than that for agriculture, construction and government services. The copyright industries of Malaysia are also relatively more labor intensive and help generate employment.

The industry is not very input intensive and provides relatively high gross returns to capital. The total impact of the core copyright industries on GDP and employment is comparable to many of the larger industries such as furniture, knitted fabrics or bank services.

The encouraging performance of the copyright-based industries in Malaysia reflects the importance of copyright activities as a potential engine of growth, especially with the shift towards a services-based economy. Creative and information-based activities cut across all aspects of the economy, depending directly or indirectly on copyright protection. The level of copyright protection is crucial to fostering R&D and attracting new investments, including foreign direct investment.

Yet data and information on the copyright-based industries are far from adequate. Given the higher incidence of microenterprises and individual operators, characteristic of the creative and information sectors, data and information on this group of industries are not well captured by the current statistical system in the country. Data on some copyright-based sub-sectors that fall within the manufacturing sector are very comprehensive, but for the bulk of the copyright-based industries that fall under services, the database is weak.

The pilot project is at best an exploratory study that quantifies the contribution of the copyright-based industries to the economy. Given the high level of data aggregation on copyright-based industries generated by the Department of Statistics, there is reason to believe that the contribution of copyright-based industries is underestimated.

There is also an apparent lack of awareness of the importance of copyright among consumers as well as producers of copyright works. Professionals in the creative fields such as authors, composers, lyricists and designers pay scant attention to the importance of protecting their creations, as many of them do not depend on their creativity for a livelihood.

Knowledge and content that underpin copyright-based activities have emerged as the main factors of economic growth, and as the economy shifts towards a service-oriented structure, copyright will become

more relevant. Therefore, it is essential that the copyright-based industries be closely monitored, evaluated and prioritized. It is within this context that the following recommendations are made.

The more immediate response is to establish an institutional framework to facilitate systematic and regular data collection and reporting on copyright-based industries. This should be part and parcel of the ongoing process by the Department of Statistics to improve the database on the service sector. A Working Committee led by MyIPO and with representation from the Department of Statistics and all related copyright-based agencies such as the Ministry of Unity, Culture, Arts and Heritage, Ministry of Communications, Energy and Water, Ministry of Information, the Central Bank, Copyright Collecting Societies and the various industry organizations should be set up to explore the most cost-effective means of generating key economic data on copyright-based industries.

Many of the ongoing establishment and household surveys must be reviewed to evaluate how they can be expanded and improved to generate important statistics on the creative and information industries protected by copyright. All secondary sources of data must be identified, and the agencies collating copyright-based data must be made responsible for generating such data on a regular basis.

The Department of Statistics should also link up with the relevant industry organizations and provide professional assistance to facilitate the generation of copyright industry data at a more disaggregated level on a regular basis.

As the nation shifts towards a more service-oriented economy and as trade in services becomes central to bilateral and multilateral negotiations, it would be timely and useful to generate trade data on the service sector, allowing more accurate estimates of the trade in copyrighted products. Inter-agency cooperation between the relevant agencies in the public and private sectors has to be beefed up to initiate data collection and reporting on trade in services.

There is a need to conduct more in-depth sector-specific studies of the creative and informative sectors that are protected by copyright. Such studies can assist in improving the assessment of the contribution of copyright-based industries to the economy as well as identifying the issues and challenges faced by the industry in prioritizing policies.

MyIPO should initiate collaborative programs such as workshops, seminars and advocacy campaigns with the various industry organizations to enhance the level of awareness of the importance of copyright among consumers as well as the creators of copyrighted works.

The study provides strong empirical evidence of the dynamism of the copyright-based industries in Malaysia, demonstrating the importance of copyright-based industries in the nation's drive towards a knowledge and information-based economy. The study is at best an exploratory study that contributes to more evidence-based policy-making with respect to the development of copyright-based industries within the context of the overall development of the economy.

The study has provided robust empirical evidence to assist policy-makers in designing appropriate strategies for the development and protection of copyright-based industries in the country. It has also developed an explicit and sound framework for updating and improving the database on the creative and information-based sectors that are protected by copyright.

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## Appendix 1

### Mapping of Copyright-Based Industries

The 2000 Malaysian Standard Industrial Classification (MSIC) is almost identical to the International Standard Industrial Classification (ISIC). As WIPO also classifies copyright industries using the ISIC Codes, the concordance between the three classifications was traced to map out Malaysia's copyright industries. By and large, the three industry categories merged easily as the MSIC code is very similar to the ISIC. The few differences are highlighted below.

- i. **Computers and equipment:** The "Wholesale of computers, computer peripheral equipment and software" is classified by ISIC code as 5151, but the equivalent MSIC code is 5153.
- ii. **Photocopiers:** The "Wholesale of other machinery, equipment and supplies" falls under ISIC code 5159, but is 5152 under MSIC.
- iii. **Blank recording material:** The "Wholesale of electronic and telecommunication parts and equipment" falls under ISIC 5152, but is classified under MSIC 5151.

The list of Malaysian copyright industries and their respective MSIC codes are detailed in the Appendix Tables 1.1 to 4.

Appendix Table 1.1  
Press and Literature

Economic Activity	Description	2000 MSIC Code
1. Authors, writers and translators	Authors, composers, sculptors, entertainers and other individual artistes	92142
2. Newspapers and books	Publishing of newspapers, journals and periodicals	22120
3. News and feature agencies	Printed news supply services	92201
	Picture supply services	92202
	Other news agency services	92209
4. Magazines/periodicals	Publishing of newspapers, journals and periodicals	Incl. 1.1(2)
5. Book publishing	Publishing of books, brochures, musical books, maps and other publications	22110
6. Cards and maps, directories and other published material	Other publishing	22190
7. Pre-press printing, and post press of books, magazines, newspapers and advertising materials	Printing	22210
	Services related to printing	22220
8. Wholesale and retail of press and literature	Wholesale of books, magazines, newspapers stationery	51392
	Retail sale of books, magazines, newspapers stationery	52394
9. Libraries	Library and archive activities	92310

Appendix Table 1.2  
Music, Theatrical Production, and Operas

Economic Activity	Description	2000 MSIC Code
1. Composers, lyricists, arrangers, choreographers, writers, directors, performers and other other personnel	Theatrical producer, singer group band and other orchestra entertainment services	92141
2. Printing and publishing of music	Publishing of recorded media	22130
3. Production/manufacturing of recorded music	Reproduction of recorded media	22300
4. Retail sale and rental of recorded music	Retail sale of musical instruments, music tapes, records, compact disc and video tapes	52354
	Wholesale of musical instruments, records and music tapes	51397
	Rental of videotapes, incl. compact discs and laser discs.	71303
5. Artistic and literary creation and interpretation	Included in Table 1.2 item 1	Incl in 1.2 (1)
6. Performers and allied agencies (booking, ticket agencies, etc.)	Included in Table 1.2 item 1	Incl in 1.2 (1)

Appendix Table 1.3  
Motion Picture and Video

Economic Activity	Description	2000 MSIC Code
1. Writers, directors and actors	Authors, composers, sculptors, entertainers and other individual artistes	Incl in 1.1(1)
2. Motion picture and video production and distribution	Motion picture and video production and distribution	92112
3. Motion picture exhibition	Motion picture projection services	92120
4. Video rental and sales, video on demand	Renting of personal and household goods n.e.c.	Incl in 2.3 (3)
	Motion picture and video production and distribution	Incl in (1.3)(2)
5. Allied services	Reproduction of recorded media	Incl in 1.2(3)

Appendix Table 1.4  
Radio and Television

Economic Activity	Description	2000 MSIC Code
1. National radio and television broadcasting companies	Production of radio programs	92131
	Production of television programs	92132
2. Other radio and television broadcasters	Included in Table 1.4 item 1	Incl in 1.4 (1)
3. Independent producers	Other business activities (74992)	Incl in 1.1(1)
4. Cable television	Television and radio transmission services	64202
5. Satellite television	Included in Table 1.4 item 4	Incl in 1.4(4)
6. Allied services	Included in Table 1.4 item 4	Incl in 1.4(4)

Appendix Table 1.5  
Music, Theatrical Production, and Operas

Economic Activity	Description	2000 MSIC Code
1. Studios and commercial photography	Photographic activities	74940
2. Photo agencies and libraries	Services related to printing	Incl in 1.1(7)
	Library and archives activities	Incl in 1.1(10)

Appendix Table 1.6  
Software and Databases

Economic Activity	Description	2000 MSIC Code
1. Programming, development and design, manufacturing	Software consultancy and supply services	72200
2. Wholesale and retail of pre-packaged software	Wholesale of computer hardware, software and peripherals	51530
3. Database processing and publishing	Database processing services	72400
	Database activities	72300

Appendix Table 1.7  
Visual and Graphic Arts

Economic Activity	Description	2000 MSIC Code
1. Artists	Included in Table 1.1 item 1	Incl in 1.1(1)
2. Art galleries and other wholesale and retail	Included in Table 1.1 item 1	Incl in 1.1(1)
3. Picture framing and other allied services	Included in Table 1.5 item 1	Incl in 1.5(1)
4. Graphic design	Included in Table 1.1 item 1	Incl in 1.1(1)
	Included in Table 1.5 item 2.	Incl in 1.5(2)

Appendix Table 1.8  
Advertising Services

Economic Activity	Description	2000 MSIC Code
1. Agencies buying services	Advertising	74300

Appendix Table 1.9  
Copyright Collecting Societies

Economic Activity	Description	2000 MSIC Code
1. Copyright collecting societies	Activities of professional organizations	91120

Appendix Table 2  
Interdependent Copyright Industries

Economic Activity	Description	2000 MSIC Code
1. TV sets, radios, VCRs, CD & DVD players	Manufacture of television and radio receivers, sound or video recording or reproducing Apparatus, and associated goods	32300
	Wholesale of household appliances, radio and TV equipment, musical instrument, records and music tape	Incl in 1.2(4)
	Retail sale of electrical household appliances, radio and TV equipment	52332
2. Computers and equipment	Manufacture of computer and computer peripherals	30002
	Wholesale of computer hardware, software and peripherals	51530
	Retail sale of computers, computer equipment and supplies and non-customized software.	52360
	Renting of office machinery and equipment (including computers)	71230
3. Musical instruments	Manufacture of musical instruments	36920
	Wholesale of musical instruments	Incl in 2 (1)
	Retail sale of musical instruments, music tapes, records, compact disks and video tapes	52354
4. Photographic and cinematographic instruments	Manufacture of photographic equipment	33202
	Wholesale of photographic equipment and supplies	51394
	Retail sale of photographic equipment	52381
5. Photocopiers	Manufacture of office and accounting Machinery	30001
	Wholesale of office machinery and business equipment	51520
6. Blank recording material	Manufacture of chemical products n.e.c	24290
	Wholesale of telecommunications equipment and accessories	51511
	Retail sale of telecommunications equipment	52370
7. Paper	Manufacture of pulp, paper and paperboard	21010
	Wholesale of other intermediate products, waste and scrap	51491

Appendix Table 3  
Partial Copyright Industries

Economic Activity	Description	2000 MSIC Code
1. Apparel, textiles and footwear	Manufacture of clothing	18101
	Custom tailoring and dressmaking	18102
	Manufacture of miscellaneous wearing apparel n.e.c.	18109
	Manufacture of made-up textile articles, except apparel	17210
	Manufacture of footwear	19200
	Wholesale of textiles, clothing and footwear	5131
	Retail sale of textiles clothing, footwear and leather goods	5232
2. Jewelry and coins	Manufacture of jewelry and related articles	36010
	Wholesale of jewelry, watches, clocks and silverware	51393
	Retail sale of jewelry, watches, clocks and silverware	52392
3. Other crafts	Wholesale of handicrafts and artificial flowers	51325
	Retail sale of handicrafts and artificial flowers	52396
4. Furniture	Manufacture furniture	3610
	Wholesale of furniture, furnishings, wall paper and floor coverings	51398
	Rental of furniture	71302
5. Household goods, china and glass	Manufacture of glass and glass products	26100
	Manufacture of knitted and crocheted fabrics and articles	17300
	Manufacture of other wood products	2029
	Manufacture of other fabricated metal	2899
	Wholesale of other household hardware and kitchenware	51396
6. Wall coverings	Retail sale of household appliances, articles and equipment	5233
	Manufacture of carpets and rugs	17220
7. Toys and games	Manufacture of carbon paper	21091
	Manufacture of toys and games	36940
8. Architecture, engineering, surveying	Wholesale of games and toys	51323
	Architectural consultancy services	74211
9. Interior design	Engineering consultancy services	74212
	Other business services	74999
10. Museums	Included in Table 1.1 item 10	Incl in 1.1(10)

Appendix Table 4  
Non-Dedicated Support Industries

Economic Activity	Description	2000 MSIC Code
1. General wholesale and retailing	Wholesale on a fee or contract basis	51100
	Wholesale of sports goods and athletic goods and equipment	51321
	Wholesale of pharmaceutical, orthopedic and medical goods, perfumery, cosmetics and toiletries	51391
	Wholesale of optical goods	51395
	Wholesale of other household goods, e.g. cleaning materials, fancy goods and other miscellaneous goods	51399
	Wholesale of electrical and electronic components and wiring accessories	51512
	Wholesale of machinery and equipment	5159
	Retail sale of pharmaceutical, medical and orthopedic goods, perfumery, cosmetic and toilet articles	52310
	Retail sale of hardware, paint and glass	52340
	Retail sale of sports goods	52351
	Retail sale of bicycles	52352
	Retail sale of recreational goods	52356
	Retail sale of spectacles and other optical goods	52382
	Retail sale of scientific and precision equipment	52383
2. General transportation	Train services	601
	Public bus service	60211
	Light rail transport/monorail service	Incl in 4.2(1)
	Freight transport (road haulage)	60230
	Sea transport	6110
	Air transport	62
	Cargo handling/stevedoring services	6301
	Storage and warehousing services	6302
	Other supporting transport services	6303
	Shipping and forwarding agency services	6309
3. Telephony and Internet	Post and other courier services	64120
	Telecommunications	6420

## Appendix 2

### Estimation of Copyright Factors

In measuring the economic contribution of copyright industries to the economy, it is important to include the contribution of both the “core” and “non-core” copyright industries. The “non-core” industries are those that support or are interrelated to the core copyright industries. These include:

- i. Interdependent Copyright Industries
- ii. Partial Copyright Industries; and
- iii. Non-Dedicated Support Industries.

For the core copyright industries, all of the industry activities are included in measuring the economic contribution of copyright industries. For the non-core copyright industries, however, only a fraction of their activities is included as reflected by the copyright factor. The copyright factor is a percentage ratio that expresses the importance of copyright activities in a given industry. The survey responses, personal interview and secondary data as well as experiences of other countries were relied upon to estimate the copyright factors for Malaysia. The survey responses to three key questions on copyright activities are summarized in Appendix Tables 2.1 to 2.3.

The following explains the estimation of the copyright factors for the three “non-core” copyright industries.

#### i. Interdependent Copyright Industries

Products from *interdependent* copyright industries are jointly consumed, and hence their activities are generally dependent on the availability of copyright work. In other words, they support the use of the copyright content, and hence they are sometimes referred to as “copyright-related” or “copyright hardware”.

According to WIPO, “statistically, the interdependent copyright industries add a relatively little portion – in average between 1.0 per cent to 1.5 per cent to GDP over and above what the core industries contribute.

Appendix Table 2.1  
Importance of Copyright in Daily Operations

Industry	Very Significant	Significant	Slightly Significant	Insignificant	Total
<b>Interdependent Copyright Industries</b>	13	6	3	12	34
1. TV sets, radios, VCRs, CD and DVD players	3	2	0	0	5
2. Computers and equipment	3	2	0	0	5
3. Musical instruments	2	1	1	1	5
4. Photographic & cinematographic equipment	1	0	0	4	5
5. Photocopies	1	1	0	3	5
6. Blank recording equipment	2	0	2	1	5
7. Paper	1	0	0	3	4
<b>Partial</b>	3	9	12	8	32
1. Apparel, textiles and footwear	0	3	3	0	6
2. Jewelry & coins	0	0	1	0	1
3. Other crafts	0	0	1	0	1
4. Furniture	2	4	2	1	9
5. Household goods, china and glass	0	2	1	1	4
6. Wall coverings and carpets	0	0	1	1	2
7. Toys and games	1	0	1	1	2
8. Architecture, engineering and surveying	0	0	0	2	2
9. Interior design	0	0	2	1	3
10. Museums	0	0	0	1	1
<b>Non-dedicated Support</b>	1	1	5	20	27
1. Wholesale and retail	0	0	0	10	10
2. General transportation	0	0	0	10	10
3. Telephony and Internet	1	1	5	0	7

Appendix Table 2.2.  
Receipt or Payments for Intellectual Property

Industry	Yes	No	Total
<b>Interdependent Copyright Industries</b>	13	21	34
1. TV sets, radios, VCRs, CD and DVD players	4	1	5
2. Computers and equipment	4	1	5
3. Musical instruments	1	4	5
4. Photographic & cinematographic equipment	1	4	5
5. Photocopies	1	4	5
6. Blank recording equipment	1	3	4
7. Paper			
<b>Partial</b>	16	16	32
1. Apparel, textiles and footwear	5	1	6
2. Jewelry & coins	1	0	1
3. Other crafts	0	1	1
4. Furniture	4	5	9
5. Household goods, china and glass	2	2	4
6. Wall coverings and carpets	1	1	2
7. Toys and games	1	1	2
8. Architecture, engineering and surveying	0	2	2
9. Interior design	1	2	3
10. Museums	0	1	1
<b>Non-dedicated Support</b>	3	24	27
1. Wholesale and retail	0	10	10
2. General transportation	0	10	10
3. Telephony and Internet	3	4	7

Appendix Table 2.3  
Annual Expenditure on Royalties, Patents and Licensing Fees (Percentage)

Industry	0%	0-10%	10-20%	More than 20%	Total
<b>Interdependent Copyright Industries</b>	25	7	1	1	34
1. TV sets, radios, VCRs, CD and DVD players	4	0	0	1	5
2. Computers and equipment	1	3	0	1	5
3. Musical instruments	4	1	0	0	5
4. Photographic & cinematographic equipment	4	1	0	0	5
5. Photocopies	4	1	0	0	5
6. Blank recording equipment	5	0	0	0	4
7. Paper					
<b>Partial</b>	21	9	2	0	32
1. Apparel, textiles and footwear	1	4	1	0	6
2. Jewelry & coins	0	1	0	0	1
3. Other crafts	1	0	0	0	1
4. Furniture	6	2	1	0	9
5. Household goods, china and glass	3	1	0	0	4
6. Wall coverings and carpets	2	0	0	0	2
7. Toys and games	1	1	0	0	2
8. Architecture, engineering and surveying	2	0	0	0	2
9. Interior design	3	0	0	0	3
10. Museums	1	0	0	0	1
	1				
<b>Non-dedicated Support</b>	125	0	0	0	27
1. Wholesale and retail	10	0	0	0	10
2. General transportation	10	0	0	0	10
3. Telephony and Internet	5	2	0	0	7

The copyright factors for Malaysia's interdependent industries are largely based on survey responses and personal interviews. The mail responses were limited and generally showed a lower dependence on copyright content for their activities. Telephone and personal interviews were, however, more effective, since additional probing questions on the following issues were posed to elucidate the copyright content in the respective industries. The issues raised include:

- Expenditure on research and development (R&D)
- Number of personnel engaged in technology and R&D activities
- Significance of copyright activities in the industry

For each of the seven industry subsectors, a minimum of five large companies were interviewed over the phone, except for paper, where four of the larger companies were interviewed. In general, firms with higher foreign participation had a higher level of R&D activities and a larger copyright content.

## ii. Partial Copyright Industries

In the case of partial copyright industries, only that portion attributable to works and other protected subject matter is included in the estimation of their economic contribution to the economy. There are 10 industries that are classified as partial copyright industries:

- Apparel, textiles and footwear;
- Jewelry and coins;
- Other crafts;
- Furniture;
- Household goods, china and glass;
- Wall covering and carpets;
- Toys and games;
- Architecture, engineering and surveying;
- Interior design; and
- Museums.

The copyright factors for apparel, textiles and footwear, and furniture were estimated through personal interviews and surveys. These two groups of industries are relatively large and well established in Malaysia and hence exhibited a higher copyright content than the rest of the industries.

For the remainder of the partial copyright industry groups, the survey response was poor, and telephone interviews were more useful in estimating the copyright factors. An average of the results from the survey and the weighted average of the copyright factors in the Singapore and Hungarian studies were used to compute the copyright factors for the different industry subsectors. A number of indicators that may well reflect the copyright content of these industries were used as weights.<sup>34</sup>

- GDP per capita
- Patent and copyright protection
- Availability of information and technology personnel
- Expenditure on R&D
- Basic research; and
- Entrepreneurship

## iii. Non-Dedicated Copyright Industries

The non-dedicated copyright industries are those in which only a portion support and facilitate the distribution of core CB industries and are not already included in the "core" category. These industries include:

- General wholesale and retail;
- General transportation; and
- Telephony and Internet.

The copyright factors for the distribution industries were estimated using the weighting method that has been adopted in a number of studies, as shown below:

<sup>34</sup> The data for 2000 was sourced from The Global Competitiveness Reports and the World Competitiveness Yearbook.

$$\text{Copyright Factor for NDCI} = \frac{\text{ValueAdded (Core + Interdependent + Partial)}}{\text{ValueAdded(Non - Distribution GDP)}}$$

The copyright factor for the non-dedicated distributive industries is a ratio of the value added of the core, interdependent and the partial copyright industries to the value added of the non-distribution sectors of the GDP (WIPO, 2003, p.59). The distributive sectors include wholesale and retail and transportation. The ratio was calculated for the years 2000 to 2005 as shown in Appendix Table 2.4 The wholesale, retail and transportation are given a lower factor than the Internet, as the Internet in general provides the basic infrastructure for copyright industries.

The copyright factors derived through this method generally reflected the findings of the survey and interviews.

Appendix Table 2.4  
Copyright Factors

Interdependent Copyright Industries		Copyright Factor (%) (2000-2005)					
1. TV sets, radios, VCRs, CDs and DVD players		40					
2. Computers and equipment		40					
3. Musical instruments		30					
4. Photographic and cinematographic instruments		25					
5. Photocopiers		20					
6. Blank recording material		20					
7. Paper		15					
Partial Copyright Industries		Copyright Factor (%) (2000-2005)					
1. Apparel, textiles and footwear		15.0					
2. Jewelry and coins							
3. Other crafts		26.7					
4. Furniture		35					
5. Household goods, china and glass		0.38					
6. Wall coverings and carpets		1.08					
7. Toys and games		26.7					
8. Architecture, engineering and surveying		5.28					
9. Interior design		5.28					
Non-Dedicated Support Industries		Copyright Factor (%)					
		2000	2001	2002	2003	2004	2005
1. General wholesale and retail		5.59	6.28	6.44	6.52	6.45	6.77
2. General transportation		5.59	6.28	6.44	6.52	6.45	6.77
3. Telephony and Internet		7.26	8.16	8.37	8.48	8.39	8.80

**Appendix 3**  
**List of Malaysian Core Copyright Industries at 2-digit Activity/Commodity Input-Output Classification**

**I. CORE COPYRIGHT INDUSTRIES**

No.	Economic Activity	MSIC 2000	I-O Code	Activity Description
<b>1</b>	<b>Press and Literature</b>			
1.1	Authors writers, translators	92142/74999	84	Entertainment
1.2	Newspapers	22120	36	Printing
1.3	News and feature agencies, etc	92201/2/9	78	Business services
1.4	Magazines, periodicals	22120	36	Printing
1.5	Book publishing	22110	36	Printing
1.6	Cards and maps, directories and other published material	22190	36	Printing
1.7	Pre-press, printing, and post press of books, magazines, newspapers, advertising materials	22210/20	36	Printing
1.8	Wholesale and retail of press and literature (book stores, newsstands, etc)	51392/52394	69	Wholesale and retail trade
1.9	Libraries	92310	94	Other public administration
<b>2</b>	<b>Music, Theatrical Production, Operas</b>			
2.1	Composers, lyricists, arrangers, choreographers, writers, directors, performers, and other personnel	92142/92199 92499	84 86	Entertainment Recreation
2.2	Printing and publishing of music	22130	36	Printing
2.3	Production/manufacturing of recorded music	22300	36	Printing
2.4	Wholesale and retail of recorded music (sale and rental)	52354/51397 71303	69 78	Wholesale and retail trade Business services
2.5	Artistry and literary creation and interpretation	92149 92142	84 84	Entertainment Entertainment
2.6	Performers and allied agencies (bookings, ticket agencies, etc.)			
<b>3</b>	<b>Motion Picture and Video</b>			
3.1	Writers, directors, actors	92142	84	Entertainment
3.2	Motion picture and video distribution	92112	84	Entertainment
3.3	Motion picture exhibition	92120	84	Entertainment
3.4	Video rentals and sales, video on demand	71303 92112	78 84	Business services Entertainment
3.5	Allied services	22300	36	Printing
<b>4</b>	<b>Radio and Television</b>	92131/2	85	Radio and television broadcasting
4.1	National radio and television broadcasting companies			
4.2	Other radio and television broadcasters	92131/2	85	Radio and television broadcasting
4.3	Independent producers	74993	78	Business services
4.4	Cable television (systems and channels)	64201/2/3/9	72	Communication

**Appendix 3 Continued**

No.	Economic Activity	MSIC 2000	I-O Code	Activity Description
4.5	Satellite television	64201/2/3/10	72	Communication
4.6	Allied services			
<b>5</b>	<b>Photography</b>			
5.1	Studios and commercial photography	74940	78	Business services
5.2	Photo agencies and libraries	22220 74999 92310	36 78 86	Printing Business services Recreation
<b>6</b>	<b>Software and Databases</b>			
6.1	Programming, development and design, manufacturing	72220	78	Business services
6.2	Wholesale and retail prepackaged software (business programs, video games, educational programs, etc)	51530	69	Wholesale and retail trade
6.3	Data processing and publishing	72400/72300	78	Business services
<b>7</b>	<b>Visual and Graphic Arts</b>			
7.1	Artists	92142	84	Entertainment
7.2	Art galleries and other wholesale and retail	92142	84	Entertainment
7.3	Picture framing and other allied services	74940	78	Business services
7.4	Graphic design			
<b>8</b>	<b>Advertising Services</b>			
8.1	Agencies buying services	74300	78	Business services
<b>9</b>	<b>Copyright Collecting Societies</b>			
	Copyright Collecting Societies	91120	83	Private non-profit institutions

## Appendix 4

### Questionnaire

#### ECONOMIC CONTRIBUTION OF COPYRIGHT- BASED INDUSTRIES IN MALAYSIA

##### Part A: Company Particulars

Year of establishment: \_\_\_\_\_ Number of years in copyright activities: \_\_\_\_\_

Primary business activity: \_\_\_\_\_

Ownership (please tick only one):  
 Wholly local     Majority local  
 Wholly foreign     Majority foreign

Name of contact person: \_\_\_\_\_ Telephone No: \_\_\_\_\_

##### Part B: Estimation of Economic Contribution to Economy

B1. Total turnover/Sales (inclusive of all indirect taxes) for financial year 2006

MR \_\_\_\_\_

B2. Total estimated cost of production for financial year 2006

- |  |          |
|--|----------|
| a. Total wages and salaries (inclusive of EPF/SOCSSO, etc):      | RM _____ |
| b. Raw materials   | RM _____ |
| c. Other physical inputs (supplies, packaging, etc)              | RM _____ |
| d. Transport and freight charges                                 | RM _____ |
| e. Professional & management fees, license fees & royalties      | RM _____ |
| f. Others (electricity, water, advertising, rent, postage, etc.) | RM _____ |

Total Cost of Production RM \_\_\_\_\_

i. Depreciation RM \_\_\_\_\_

B3. Total investment in plant & equipment RM \_\_\_\_\_

B4. Closing stock of finished goods for financial year 2006: RM \_\_\_\_\_

B5. Total workforce (as at December 31, 2006)

a. Number of full-time personnel.

Managers	_____
Professional & technical staff	_____
Clerical, sales & service staff	_____
Production & transport workers	_____

Total number of full-time personnel \_\_\_\_\_

b. Number of part-time personnel \_\_\_\_\_

B3. What percentage of your product/service is exported? \_\_\_\_\_ %

##### Part C: Estimation of Copyright Activities in Firm

C1. How important is copyright in the daily operations of your firm?  
 (Please circle one of the following options below).

1. Very significant    2. Significant    3. Slightly significant    4. Insignificant

C2. Does your firm receive or pay any form of payments for the use of intellectual rights in the form of royalties, patents or other licensing fees in the course of your business?

1. Yes    2. No (please proceed to question C5)

C3. On average, what percentage of annual total expenditure does your business spend on royalties, patents or other licensing fees?

\_\_\_\_\_ %

C4. In your opinion, what percentage of turnover in the company is attributable to copyright or creative activities in your firm?

\_\_\_\_\_ %

C5. What percentage of the workforce in your business is involved in creative activities? Creative activities include product/service creation and development, for example "A jewelry craftsman drawing the designs for his jewelry".

Number of full-time personnel \_\_\_\_\_ persons

Number of part-time personnel \_\_\_\_\_ persons

