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MPAA'S GLICKMAN ADDRESSES UNITED STATES-NEW ZEALAND 2009 PARTNERSHIP FORUM

Washington, D.C. – Motion Picture Association of America, Inc. (MPAA) Chairman and CEO Dan Glickman delivered the following remarks before a gathering of business, government and academic representatives invited to participate in the 2009 United States-New Zealand Partnership Forum. The event is the third in a series that began in 2006 co-hosted by the US-NZ Council and its New Zealand counterpart, the NZ-US Council. For more information on the Partnership Forum, visit <http://www.usnzxcouncil.org/>.

**Prepared Remarks for Dan Glickman
MPAA Chairman and CEO
To United States-New Zealand 2009 Partnership Forum
Washington, DC—October 7, 2009**

One of my favorite parts of any movie or TV show is when the credits roll. It's only when we see the names of all the people who worked on the project we just enjoyed that audiences are reminded what a tremendous undertaking it is to produce quality entertainment and just how many people's livelihoods depend on this unique creative industry.

As the former secretary of agriculture and a former congressman from Kansas, people often ask how I ended up in the movie business. This is my answer: I love the movies, and I greatly value the extraordinary cultural and economic contributions they make to our nation and the world. Plus, this is a family affair -- not many people know that my son is a director and I am endlessly impressed by his work, creativity and innovation.

New Zealand has a thriving film industry which the American Film Institute has called "one of the wonders of the world... an unparalleled success story". New Zealand has produced such impressive directors as Niki Caro with *The Vintner's Luck* to Peter Jackson who captivated us with the *Lord of the Rings* trilogy and will soon be releasing the much anticipated *The Lovely Bones* which will be released on December 11. New Zealand also has an exceptional reputation for its animation studios whose projects and works are familiar to the global audience. And then there is the incredible technical and digital mastery coming out of WETA Productions and other post production and visual

effects facilities in New Zealand. You'll see the amazing work of these talented created when *Avatar*, comes to theaters on December 18. Other notable films coming out of New Zealand include *Master and Commander: The Far Side of the World*, *Kingdom of Heaven*, and *X-Men 3*. And, of course, New Zealand is a desired film location both for its dramatic beauty and its domestic pool of talent. According to Statistics New Zealand, the screen industry contributed \$2.7 billion to the New Zealand economy in 2008, an 11% increase over the previous year, and the US contribution to New Zealand screen production increased by 99% in 2008 to \$481 million.

Clearly the film industry is an important sector to both the US and New Zealand economies. The success of --and support for -- the motion picture industry is of mutual interest and benefit to New Zealand and the United States.

Our world is changing quite rapidly. We see it in the awe-inspiring content that the U.S. and New Zealand film and television communities continually produce. It's reflected in the ongoing explosion of innovative opportunities technology is presenting our industry to share creative works with consumers in new and exciting ways. And, we experience these changes as an industry in the significant efforts we undertake to safeguard the creative community against the detrimental impact of digital theft.

When the words "movie industry" and "copyright" appear in the news together, the headlines tend to gravitate toward the high-profile enforcement actions organizations like the MPAA undertake in the U.S. and around the world to safeguard creative works and uphold intellectual property rights. But the true story of our industry efforts to advance a healthy, innovative legitimate digital marketplace for film and TV is far more complex and constructive.

It starts with raising public awareness of what all of us who work in this business already understand. Our industry creates not only compelling content, but also extraordinary economic opportunities. More than 2.5 million Americans make their living in film and television, and only a handful have names like Brad Pitt and George Clooney. Most of the people behind the scenes make a living wage—about \$75,000 a year. And, in both the US and New Zealand, small and medium sized enterprises are the backbone of the industry. There are 2,223 SMEs working in the screen industry across New Zealand.

A lot of folks in Washington right now are talking about economic stimulus. Our industry is busy delivering it today in all 50 states in our union. The typical on-location shoot brings about \$225,000 a day to a local economy. When Batman swooped into Chicago, he left behind \$35 million in just two months of filming *The Dark Knight*.

Contrary to the headlines surrounding the most successful summer blockbusters, most movies don't make their money back at the box office. They require DVD, home video and a legitimate Internet market to recoup their investment—precisely those markets most vulnerable to digital theft.

Illegal online distribution can especially wreak havoc on international distribution. Independent producers particularly rely on international distribution because they often must secure up-front investments in return for licensing release rights in different territories. It's a similar story with television. Global audiences often seek out popular U.S. shows illegally online before they air locally, reducing their value.

Of course, the economics are only part of the story. The US and New Zealand film industries are successful because creative, talented people produce high-quality entertainment that touches people's lives. Across languages and cultures, the folks I work to protect tell stories that make people laugh, offer some needed escape from everyday life and, in their finest hour, even help change the world.

From an economic to a cultural perspective, movies, creativity, the power and value of ideas are all worth fighting for. So how do we make it a constructive and effective effort?

First, we deliver the genuine article in compelling and innovative ways. The industry is busy innovating today and delivering compelling and exciting new offerings in ways that were unimaginable just a short time ago.

From Hulu to Netflix to iTunes to enabling customers to make a digital copy of their DVDs and move it between devices, new consumer choices are emerging on an almost daily basis. The US motion picture industry works with over 275 legitimate websites around the world providing high-quality, on-demand content to consumers. These sites cater to every manner of consumer viewing including ad-supported viewing, rental viewing, download-to-purchase, and subscription viewing.

There are also social networking sites, such as Bebo, Gaia, and MySpace that provide movies and television programs legitimately. Two of my colleagues, Hugh Stephens from Time Warner and David Green from NBC Universal will discuss in more depth the exciting new business models their companies continue to roll-out.

The bottom line is that we want to get the illegal choices out of the marketplace – at the same time we work constructively with the technology community to deliver innovative and flexible legal consumer choices.

Consumers are our customers, our audiences, our fans and our future. So our focus is on constructive engagement and education. Where we find infringement, our first course of action is to reach out to the consumer and point them toward the many legal avenues to the film and TV content they love.

One way we are going to get more of our content to consumers in legitimate ways is through the expansion of broadband. What Frank Sinatra sang about “love and marriage” is equally true for content and broadband. To build a successful digital future, “you can't have one without the other.” Robust broadband networks offer the creative community a virtually limitless array of new ways to reach and expand their audiences. And, compelling content is a primary reason more and more consumers are seeking out the enhanced online experience that the high-speed Internet delivers.

The expansion of broadband can have an enormously positive impact on the ability of consumers to access all sorts of content, from news to government decision-making to home videos to film and television. But the Internet economy will not flourish in a lawless environment, where the rights and protections of others are not respected and where there are no rules of the road.

In New Zealand, the content industry is looking for a responsible partnership with the delivery networks where each plays its role and shares the burden of dealing with the very small but persistent group of serial infringers who seem determined to abuse the

access the internet gives them, to the detriment of the wider creative community and of consumers. If we make this a win-win for the content industry and the networks, it will be the NZ consumer who benefits in the long run by having access to more and better international and local content. We believe that a balanced and sensible outcome is possible.

The Internet must be a safe and secure environment where the protections provided in the offline world, exist in the online world, too. This will benefit consumers as new digital offerings flourish, and it will safeguard creative industries, like the movie business, which alone employs 2.5 million Americans in all 50 states. The screen industry provides over 15,000 jobs to New Zealanders.

We have to be pro-active and innovative in finding flexible and engaging ways to share with consumers the TV shows and movies they love. And, we must insist that policies in this country and around the world show as much concern for the economic contributions of creative industries, as they do for the contributions of manufacturing and other more traditional segments of our global economy. It is only fair that the protections that exist in the real world exist in the digital world, as well.

I am very aware of the ongoing discussions in New Zealand to develop a framework that addresses digital piracy. These discussions are complicated but I believe we can and must find a sensible, balanced approach. When our industry succeeds, everyone benefits with our industry bringing the economic benefits of new film and television production to more communities. This is an important issue to the US-New Zealand bilateral relationship and the impact is clear: more jobs, more high-quality entertainment choices for consumers, more opportunities for the creative professions.

New Zealand has a solid track record of showing leadership and making courageous decisions. We saw this several years ago when New Zealand addressed its agriculture support programs. Since that time, New Zealand has become a world leader in the dairy and sheep trade.

It is now important that the US and New Zealand show the same courage that drove New Zealand's decision to eliminate agricultural support programs and lead by example, ensuring that property rights are a cornerstone of our nations' economic planning. Many countries, such as the UK and France, already are moving ahead. And, we don't want to repeat the mistakes of countries like South Korea, where super-fast broadband—in the absence of common-sense content protections—has led to a tidal wave of piracy. New Zealand, as a small market, needs to leverage its competitive advantage and be among the leaders in providing the kind of environment in which the digital economy can thrive.

FCC Chairman Genachowski himself summed up the dilemma in his confirmation hearings in June. "Illegal copyright infringement," he said, "is a threat to the creativity that our copyright laws are designed to protect and encourage, and a threat to a significant contributor to our economy and U.S. global competitiveness."

Commerce Minister Power similarly observed in March that unlawful filesharing "is very costly to New Zealand's creative industries and needs to be addressed."

It is a new world today. And, we're out to show consumers that movies and other content can be even more exciting in this new digital age. That means being creative—

not only with our content, but how we advance a secure and innovative future for this powerful modern medium of expression and economic growth. Only robust infrastructure and sensible safeguards together will drive innovation, economic growth and consumer choice for many years to come. Working together, I am confident that we can find a sensible, balanced approach effectively addresses the theft of creative content in the digital environment while providing more legitimate choices for consumers. It's time to seize the moment.

About the MPAA

The Motion Picture Association of America, Inc. (MPAA) serves as the voice and advocate of the American motion picture, home video and television industries from its offices in Los Angeles and Washington, D.C.

Its members include: Walt Disney Studios Motion Pictures; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Twentieth Century Fox Film Corporation; Universal City Studios LLLP; and Warner Bros. Entertainment Inc.

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