

ACTION EUR-00

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INFO LOG-00 AID-00 ACQ-00 CIAE-00 CTME-00 DODE-00 EB-00
EXME-00 E-00 UTE-00 VCI-00 FRB-00 TEDE-00 INR-00
L-00 VCIE-00 NSAE-00 ISN-00 NSCE-00 OMB-00 PA-00
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FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC PRIORITY 1086
INFO USDOC WASHDC PRIORITY 2481

REVIEW AUTHORITY: Clarke Ellis,
Senior Reviewer

UNCLAS STOCKHOLM 001493

STATE FOR JOELLEN URBAN

STATE PLEASE PASS USTR FOR JASON BUNTIN

COMMERCE FOR LEAH MARKOWITZ

E.O. 12958: N/A

TAGS: KIPR, ETRD, ECON, PREL, SW

SUBJECT: INTERNET PIRACY AND THE SWEDISH ELECTION CAMPAIGN

REF: A) 05 STOCKHOLM 1981, B) STOCKHOLM 106, C) STOCKHOLM 124, D)
STOCKHOLM 313, E) STOCKHOLM 634, F) STOCKHOLM 804
G) STOCKHOLM 903

1. As the tight Swedish election campaign approaches the finish line on Sunday, September 17th, the issue of Internet piracy has once again caught some attention. In a televised debate on Sunday night, September 10, PM Persson and the opposition leader Conservative Fredrik Reinfeldt were asked if they felt that there is a need to change the recently introduced law which criminalizes file-sharing. They both responded yes, noting that it is unrealistic to keep a law on the books that criminalizes a whole generation of youngsters. Persson said "This is an old technology, connected to some pieces of plastic that we play music on. We must ensure that youngsters that download don't feel that they are criminals."

2. The following day, Persson said that his comment about the file sharing legislation was the only thing he regretted saying in the debate. He said "I guess I messed up on that point, but I do believe that we need to protect the artists, not international record companies".

3. Out of the seven parties represented in the parliament today, several of them have expressed reservations about the new law on file sharing which entered into force July 1, 2005. The Green Party, which voted in favor of the law last year, brought forward a new proposal on September 11th which would allow private, non-profit, downloading of copyrighted material for personal use.

Rights-holders are to be compensated through an increase of the so-called blank tape levy on CD's. Uploading files would still be illegal.

4. The other political parties express a willingness to discuss measures to safeguard rights-holders interests, but most stress that they want to uphold the principles of ownership. Parties call for the industry to develop legal alternatives to illegal filesharing.

5. A new party formed this spring, the Pirate Party, benefited from the Pirate Bay raid, which attracted some support to the party. The Pirate Party has rarely been mentioned during the election campaign, and opinion polls have indicated that the Pirate Party might at best get around one percent of the votes in the September 17 elections. The threshold for representation in Parliament is four percent.

6. The Party leader, Rickard Falkvinge, was interviewed in the leading daily, Dagens Nyheter, on September 11th. He claims that opinion polls underestimate the Party's popular support, since pollsters only call voters on fixed phone-lines. Many of the Party's followers are young, technology savvy, individuals -- a category of people that tend to carry only a mobile phone. The opinion polls therefore "miss" this category of voters, and the party's popular support gets underestimated. Falkvinge claims that statisticians have estimated that the party's popular support is more in the vicinity of 5-6 percent.

7. Falkvinge also offers another way of estimating the party's potential: The party has nearly 8,800 members, which is more than the Green Party has. The Green Party's voter turnout has ranged between 26 and 31 votes per party member in every election since the party first reached Parliamentary representation in 1988. Assuming that the Pirate Party would get a similar voter turnout, the party would get Parliamentary representation.

Comment

8. Falkvinge's methodology and conclusions are self-serving campaign spin and not supported by any other evidence we have seen. We do not expect the Pirate Party to make the four percent threshold. All indications point to a very tight race between the government SDP (and its Left and Green supporters) and an alliance of opposition parties. Earlier in the year several newly formed political parties received considerable attention from media and the political establishment. In the height of the election campaign, all opinion polls are conveying a uniform picture -- none of the newcomers stand any chance of getting the required four percent to get representation nationally. Our IPR contacts in the GOS and in industry have never really taken the "threat" from the Pirate Party seriously. That assessment is shared by Embassy Stockholm.

9. Note: Some members of the Swedish business community have privately expressed their concern to us about the need to protect IPR in Sweden.

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ORIGIN EEB-00

INFO LOG-00 AID-00 CIAE-00 COME-00 INL-00 DOTE-00 EAP-00
EUR-00 E-00 FAAE-00 UTE-00 VCI-00 H-00 TEDE-00
INR-00 IO-00 JUSE-00 LAB-01 LOC-01 L-00 VCIE-00
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Senior Reviewer

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UNCLAS STATE 045106

DOC PASS CPETERS, DOJ PASS JZACHARIA

E.O. 12958: N/A

TAGS: ECON, ETRD, KIPR, SW

SUBJECT: SPECIAL 301 - SWEDEN 2008

DOL PASS MPETTIS, LOC PASS OMETZGAR/HLANMAN, NSC PASS TPOSNER

1. This is an ACTION REQUEST. The USG Special 301 Committee has concluded its deliberations regarding Sweden's status in the Special 301 2008 Report. Sweden will not be listed on the Watch List (WL) in the Special 301 report on April 25, 2008. Post is requested to use the information in Paragraph 5 to provide the host government with advance notice of the conclusion of the review. Washington prefers that points be delivered orally/in person. END Action Request.

2. Special 301 Background. Pursuant to Section 182 of the Trade Act of 1974, as amended by the Omnibus Trade and Competitiveness Act of 1988 and the Uruguay Round Agreements Act (enacted in 1994), under Special 301 provisions, USTR must identify those countries that deny adequate and effective protection for IPR or deny fair and equitable market access for U.S. persons that rely on intellectual property protection. Countries that have the most onerous or egregious acts, policies, or practices and whose acts, policies, or practices have the greatest adverse impact (actual or potential) on the relevant U.S. products must be designated as "Priority Foreign Countries."

Priority Foreign Countries are potentially subject to an investigation under the Section 301 provisions of the Trade Act of

1974. The USG may not designate a country as a Priority Foreign Country if it is entering into good faith negotiations or making significant progress in bilateral or multilateral negotiations to provide adequate and effective protection of IPR.

Additionally, under Section 306, USG monitors a country's compliance with bilateral intellectual property agreements that are the basis for terminating an investigation under Section 301. USG may apply sanctions if a country fails to satisfactorily implement an agreement.

3. For less serious situations, USG can instead name countries to one of two lists that USG has created through administrative practice: The Special 301 Priority Watch List (PWL) and the Watch List (WL). USG uses these lists to signal to foreign governments, industry, and the public the seriousness with which the USG views IP problems in the listed countries. These categories are not statutory, they do not trigger formal investigations, nor do they lead to sanctions. A brief description of PWL and WL:

Placement of a trading partner on the Priority Watch List or Watch List indicates that particular problems exist in that country with respect to IPR protection, enforcement, or market access for persons relying on intellectual property. Countries placed on the Priority Watch List are the focus of increased bilateral attention concerning the problem areas.

4. In addition to these categories, USG may conduct Out-of-Cycle Reviews (OCRs) or Special 301 Initiative reviews with respect to some countries. An Out-of-Cycle Review is a publicly announced review in which special attention is given to a country's IP practices and bilateral engagement is heightened. A Special 301 Initiative is not publicly announced, but special attention is given to a country's IP practices and bilateral engagement is heightened. A review under either an OCR or the Special 301 Initiative could result in a change to a country's placement on the Special 301 list prior to the publication of the 2009 Special 301 Report.

5. 2008 Special 301 results for Sweden. We ask that Embassy Stockholm highlight the following in its discussion with the host government officials. The content of this demarche is embargoed until Friday 3:00 p.m. April 25th, 2008, Washington, DC time. USTR has requested that Post not deliver the demarche until one business day prior to April 25th.

Sweden will not be listed on the Special 301 Watch List. Post should request that Sweden refrain from any public announcement until the annual report is released on Friday April 25th, 2008

-- The United States has serious concerns about the prevalence in Sweden of Internet-based piracy of copyright-protected works and about the effectiveness of the Swedish government's response to the problem thus far.

-- The U.S. government chose not to add Sweden to the Special 301 Watch List in 2008, but the decision was a difficult one. There was

significant support among U.S. copyright industries for a Watch List designation for Sweden.

-- The depth of our concern about Internet piracy in Sweden is reflected in the fact that PirateBay will be included in a list of "notorious virtual markets" that will be published on April 25 in the Executive Summary of the 2008 Special 301 report.

-- In the coming year, as part of a Special 301 Initiative, the United States will ask the GOS to achieve progress on several measures that can help reduce Internet piracy. Without progress on these issues, it will be difficult to keep Sweden off the Watch List in 2009.

-- First, with respect to Internet service provider (ISP) liability, we ask that Sweden make substantial progress in establishing, through legislation and/or codes of conduct, an effective system for the notice and takedown by service providers of pirate websites and of copyright-infringing music, film, videogame, and other digital content. The USG can provide information on the content and operation of the Digital Millennium Copyright Act, the U.S. law that provides for ISP notice and takedown procedures and other measures to protect intellectual property rights (IPR) on the Internet.

-- The government's handling of ISP liability issues will be a particularly important factor in the Special 301 review of Sweden next year. We understand that the government recently decided not to pursue legislation that would have imposed upon ISPs an obligation to act against website operators or users involved in the unauthorized exchange of copyright-protected content, for example by providing warning notices, and, potentially, to deny service to operators or users who persist in infringing activities. We would strongly urge the government to reconsider this decision.

-- While the United States does not advocate any one particular response to the problem of peer-to-peer downloading, Sweden should encourage ISPs to work with content providers to find a balanced and effective solution. In the United States, for example, we have found that notice and takedown procedures have proven to be an effective tool in combating Internet piracy.

-- Second, we request that the GOS adopt legislation clarifying that, as required by Article 8.3 of EU Directive 2001/29/EC of 22 May 2001 (the "Copyright Directive"), Swedish courts may issue injunctive relief orders against intermediaries, including ISPs, whose services are being used by third parties to infringe copyrights. We note that in a statement on the government's implementation of Directive 2001/29/EC, the Council on Legislation asserted that the opportunity to seek injunctive action against intermediaries had not been clarified in Swedish law. We also note that the Renfors Commission proposed legislation to provide for injunctive relief in relation to the actions of intermediaries.

-- Third, with respect to civil proceedings on copyright infringement, the United States would request that the GOS carry through with its current plan to enact legislation requiring ISPs to

make available to rights-holders in civil proceedings the identities of Internet users associated with IP addresses implicated in Internet piracy.

-- Fourth, the United States would also request that the GOS carry through with its plan to enact legislation granting prosecutors and police officials access to the identities of Internet users implicated in copyright crimes of "lower dignity" - i.e., crimes punishable by fines rather than prison sentences.

-- Fifth, we request that the GOS fully implement and provide adequate funding and political support for the plan, described in the government's 12 March comments on the 2008 IIPA report, to hire and train additional personnel for the investigation and prosecution of crimes relating to IPR, including two IPR prosecutors with national competence and 23 police officers. We also urge the GOS to make progress in reducing the existing backlog of prosecutions relating to Internet piracy of all kinds, including film, music, and software piracy.

-- Sixth, we request that the GOS pursue further efforts to educate the public on the economic harm that Internet piracy causes Swedish and foreign rights-holders alike. We believe that high-profile events and initiatives featuring senior government officials and Swedish performers, writers, and producers could help make illegal file-sharing less socially acceptable. Senior GOS officials might note, for example, that IPR protections are critically important to an increasingly knowledge-based economy, like Sweden's, and that international perceptions of the quality of a country's IPR regime have an impact on its ability to attract investment. GOS officials might also note that Sweden has an international obligation to protect IPR (e.g., under the TRIPS Agreement). U.S. government officials and private sector representatives are prepared to join such efforts, if appropriate.

-- If the GOS thinks it would be useful, a USG team will be available for more detailed telephone or video conference discussions on the elements of the Special 301 Initiative and related issues. We can also encourage representatives of U.S. firms in the copyright industries to discuss their concerns with the GOS and, if the government's wishes, to offer advice on steps to combat piracy.

-- The USG appreciates the efforts the GOS has taken to shut down the Pirate Bay Internet site. We will continue to follow the status of the site and to support Sweden's efforts to prosecute persons within its jurisdiction that have been associated with the site.

RICE

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SENSITIVITY: Sensitive

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From: svcSMARTMFI
 Sent: 5/5/2009 9:18:09 AM
 To: SMART Core
 Subject: SPECIAL 301 FOR SWEDEN: RESULTS DISCUSSED WITH GOS

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REVIEW AUTHORITY:
 Clarke Ellis, Senior
 Reviewer

MRN: 09 STOCKHOLM 276
 Date/DTG: May 05, 2009 / 051220Z MAY 09
 From: AMEMBASSY STOCKHOLM
 Action: SECSTATE WASHDC, PRIORITY
 E.O.: 12958
 TAGS: KIPR, ECON, ETRD, PGOV, SW
 Captions: SENSITIVE, SIPDIS
 Sensitivity: Sensitive
 Reference: A) STATE 42727, B) STOCKHOLM 141
 Pass Line: STATE FOR EEB/TPP/IPE: TIMOTHY R MCGOWAN AND JOELLEN URBAN
 STATE PLEASE PASS TO USTR FOR JENNIFER CHOE GROVES AND DAVID WEINER
 Subject: SPECIAL 301 FOR SWEDEN: RESULTS DISCUSSED WITH GOS

DE RUEHSM #0276 1251220
 ZNR UUUUU ZZH
 P 051220Z MAY 09
 FM AMEMBASSY STOCKHOLM
 TO RUEHC/SECSTATE WASHDC PRIORITY 4329
 INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

UNCLAS STOCKHOLM 000276

STATE FOR EEB/TPP/IPE: TIMOTHY R MCGOWAN AND JOELLEN URBAN

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E.O. 12958: N/A

TAGS: KIPR, ECON, ETRD, PGOV, SW

SUBJECT: SPECIAL 301 FOR SWEDEN: RESULTS DISCUSSED WITH GOS

REF: A) STATE 42727, B) STOCKHOLM 141

1. (SBU) Summary. A/DCM and Economic Specialist met with officials from the Swedish Ministries of Justice and Trade on April 29 to convey the results of the Special 301 review. The GOS welcomed the

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news that Sweden will not be on any watch list in 2009. They told us that the GOS gives priority to protection of IPR and they highlighted recent successes in enforcement efforts. We discussed recent developments, including the drop in internet traffic in Sweden since the adoption of new legislation, as well as Swedish priorities for its Presidency of the EU July-December 2009. End summary.

2. (SBU) Acting DCM and Econ Specialist met with Christine Lager, Head of the Division for Intellectual Property Rights of the Justice Ministry; Christoffer Demery of the same division, and Olle Pettersson at MFA's Division for International Trade Policy. Acting DCM conveyed Ref A points and expressed USG appreciation for the steps the GOS has taken to curb illegal file sharing. Christine Lager responded by going through the recent developments in the area, including the implementation of the EU Enforcement Directive, the increase in investigative officials, the industry consultations, and the Pirate Bay verdict.

Presidency priorities

3. (U) The Swedish officials noted that during the Swedish Presidency of the EU, July-December 2009, the highest priority in the IPR area will be to make progress on an EU-wide patent. Lager commented that this is also of considerable interest to the U.S. Other priorities will be strengthened enforcement of IPR violations, as well as the ACTA negotiations. December 15-16, Justice Minister Beatrice Ask will host a Conference on Enforcement of Intellectual Property Rights in Stockholm. The GOS is anxious to work with us to get a high level USG speaker to the conference. Details will be forwarded to EEB and USTR when known.

Internet traffic down since new law came into effect

4. (U) One month into the life of the Enforcement Directive legislation, new statistics reveal that Swedish internet use in April has stayed 30 to 40 percent below levels recorded before the law went into effect. Internet traffic in Sweden dropped nearly 40 percent immediately following the April 1 implementation of the Enforcement Directive, from an average of 160 gigabytes per second down to about 100 gigabytes per second, according to figures from Netnod, a company which operates internet exchanges in five cities in Sweden.

5. (U) The company's statistics serve as a generally accepted barometer for measuring Sweden's internet traffic, and many viewed the initial dip as a temporary phenomenon due to uncertainty about the new law. However, more recent figures show that the drop in traffic holds, one month into the new law's existence. By comparison, internet traffic dropped by 30 percent after the raid on the Pirate Bay in May of 2006, only to recover completely within a few days.

SILVERMAN

Drafted By:

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From: svcsmartmf
 Sent: 6/10/2009 10:25:47 AM
 To: SMART Core
 Subject: AARGH! SWEDISH PIRATES SET SAIL FOR BRUSSELS

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MRN: 09 STOCKHOLM 355
 Date/DTG: Jun 10, 2009 / 101342Z JUN 09
 From: AMEMBASSY STOCKHOLM
 Action: WASHDC, SECSTATE, PRIORITY
 TAGS: PGOV, PINR, PREL, ECON, KIPR, SW
 Captions: SIPDIS
 Pass Line: DEPT PLEASE PASS TO USTR FOR DAVID WEINER
 Subject: AARGH! SWEDISH PIRATES SET SAIL FOR BRUSSELS

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 FM AMEMBASSY STOCKHOLM
 TO RUEHC/SECSTATE WASHDC PRIORITY 4411
 INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

REVIEW AUTHORITY: Clarke Ellis, Senior Reviewer

UNCLAS STOCKHOLM 000355

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DEPT PLEASE PASS TO USTR FOR DAVID WEINER

E.O. 12958: N/A
 TAGS: PGOV, PINR, PREL, ECON, KIPR, SW
 SUBJECT: AARGH! SWEDISH PIRATES SET SAIL FOR BRUSSELS

1. Summary and Comment: Sweden's two largest political parties, the ruling Moderates and opposition Social Democrats, saw little change over their 2004 levels of support in the June 7 European Parliament (EP) election here. Instead, the Greens and the pro-EU Liberal Party were the big winners -- along with the new Pirate Party, which found support from young voters unhappy with the government's decision to shut down The Pirate Bay, a file-sharing bit torrent site that had become a target of the Motion Picture Association of America (and USTR). The anti-EU Left Party, on the other hand, suffered catastrophic losses. Overall, voter turnout was up in the month before Sweden takes over the rotating Presidency of the Council of the European Union, but at 43.8% still far below the regular 80% turnout for national elections. Comment: The EP election outcome has little predictive power for next year's parliamentary elections, given the self-selecting nature of those willing to go out and vote for Members of the European Parliament

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(MEPs). Perhaps the main lesson for the larger parties relates to the need to court the youth vote in more effective ways. End Summary and Comment.

The Results

2. Sweden's EP election was a bit disappointing for the two largest parties, the Moderates (18.8% of the vote and 4 MEP seats) and the Social Democrats (24.6% and five seats). Although both parties matched the figures received in 2004, they did not manage any gains despite active campaigning. Rather, the Greens (10.9% and two seats) and the Liberal Party (13.6% and three seats) were the big winners. The Left Party suffered disastrous defeats; the party dropped to 5.6%, compared to 12.8% in 2004, and now has one seat. The Centre Party (5.5% and one seat) and the Christian Democrats (4.7% and one seat), both part of the four-party ruling coalition, performed slightly worse than in 2004, though both surpassed the 4% threshold necessary to qualify for a seat. The elections attracted more voters than in 2004, with turnout up 6.7% to 43.8%, differentiating Sweden from other Member States' downward trend.

Victory for the Pirate Party

3. The big winner was the Pirate Party – which campaigned on reformation of copyright and patent law and opposition to a wiretapping law proposed by the Swedish security services. The Pirates secured a whopping 7.1% and one seat in Parliament. The party, founded in January 2006, attracted young voters angry over the guilty verdict in the Pirate Bay trial, the unpopular EU IPRED directive, and new national laws criminalizing file sharing and authorizing monitoring of emails. The party has not yet announced what EP party group it would like to belong to, and the current thinking espoused by Pirates is that the classic political right-left scale is outdated. Rather, the Pirates see themselves as an historic movement analogous to working-class and the green movements. The party is now looking to negotiate with both the liberal ALDE group and the Greens/EFA group.

4. A side effect of the Pirates' success is that it most likely reduced the chances for the far-right nationalist Sweden Democrats to gain representation in the EP. The Pirates have some of the same voter base – young men with mistrust for politicians. Although the Sweden Democrats tripled their results to 3.3%, up from 1.1% in 2004, they remain below the threshold for representation in either the EP or Swedish Parliament. In any case, the Pirate's landslide among younger voters caught the attention of the larger parties, our contacts tell us, who are now scrambling to come up with policies to woo the youth back to the mainstream.

Personalities Rule

5. Over all, the four party governing center-right Alliance won with 42.6% of vote and nine seats over the leftist opposition with 41.1% and eight seats. For what was essentially a mid-term election in Sweden, the continued strong showing for the ruling coalition suggests to some of our contacts no loss of momentum going into next year's general elections. Others note that parties with clear and positive EU policies, like the Greens and the Liberals, did surprisingly well, while the euro-skeptics suffered. But those who could be bothered to vote in EP elections on the first sunny day in several weeks were likely a self-selecting group with pro-EU views,

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not necessarily representative of the wider Swedish public.

6. Results of the preference vote - where voters can mark the candidate they would prefer to be elected - came out June 10. Strong and charismatic personalities have overtaken the top candidates proposed by each of the parties. To be elected on a total number of preference votes, a candidate must have received at least 5% of the votes cast for the party. Alf Svensson, former leader of the Christian Democrats, and Anna Maria Corazza Bildt, the wife of Foreign Minister Carl Bildt, were nominated low on their respective parties' lists but will now claim seats in parliament.

HILTON

Signature:

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From: svcsmartmf
 Sent: 1/20/2010 12:15:18 PM
 To: SMART Core
 Subject: 2010 INVESTMENT CLIMATE STATEMENT - NORWAY

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MRN: 10 OSLO 28
 Date/DTG: Jan 20, 2010 / 201550Z JAN 10
 From: AMEMBASSY OSLO
 Action: WASHDC, SECSTATE *PRIORITY* ; CIM NTDB WASHINGTON DC *ROUTINE* ;
 WASHDC, USDOC *ROUTINE* ; DEPT OF TREASURY WASHINGTON DC *ROUTINE*
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 TAGS: ECON, OPIC, KTDB, USTR, KIPR, NO
 Pass Line: STATE FOR EUR/NB, EEB/IFD/OIA
 Subject: 2010 INVESTMENT CLIMATE STATEMENT - NORWAY

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STATE FOR EUR/NB, EEB/IFD/OIA

REVIEW AUTHORITY: Clarke Ellis,
 Senior Reviewer

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 TAGS: ECON, OPIC, KTDB, USTR, KIPR, NO
 SUBJECT: 2010 INVESTMENT CLIMATE STATEMENT - NORWAY

RefTel: 09 STATE 124006

1. Openness to Foreign Investment

General Government Attitude

Norway welcomes foreign investment as a matter of policy and generally grants national treatment to foreign investors. Norwegian authorities encourage foreign investment particularly in the key offshore petroleum sector, mainland industry (e.g., high-tech and advanced areas), and in less developed regions such as northern Norway. The policy vis-a-vis third countries, including the United States, will likely continue to be governed by reciprocity principles and by bilateral and international agreements. The European Economic Area (EEA) free trade accord, which came into force for Norway in 1995, requires the country to apply principles of national treatment in certain areas where foreign investment was prohibited or restricted in the past.

While the Norwegian government officially endorses a level playing field for foreign investors, existing regulations, standards and practices often marginally favor Norwegian, Scandinavian and EEA investors, in that order. Norway's investment regime is generally based on the equal treatment principle, but national restrictions exist on activities and ownership in the fishing and maritime

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transport sectors According to the OECD (Organization for Economic Cooperation and Development), Norway is ranked close to the OECD average (but marginally more restrictive than the United States) with respect to restrictions on foreign direct investment (FDI), with restrictions on foreign personnel a leading factor.

Laws/Rules/Practices affecting Foreign Investment

As an EEA signatory, Norway continues to liberalize its foreign investment legislation to conform more closely to European Union (EU) standards. Current laws, rules, and practices follow below.

Government Monopolies

Norway has traditionally barred foreign and domestic investors alike from investing in industries monopolized by the government, including postal services, railways, and the domestic production and retail sale of alcohol. In 2004, Norway slightly relaxed the restrictions, allowing foreign companies to bid on providing certain postal services (e.g., air express services between countries) and railway cargo services (notably between Norway and Sweden). The government may grant foreign investment in hydropower (though limited to 20 percent of equity), but rarely does so. Norway has fully opened the electricity distribution system to foreign participation, however, making it one of the more liberal power sector investment regimes in the world.

Ownership of Real Property

Foreign investors may generally own real property, though ownership of certain real assets is restricted. Companies must obtain a concession to acquire rights to own or use various kinds of real property, including forests, mines, tilled land, and waterfalls. Foreign companies need not, however, seek concessions to rent real estate, e.g. commercial facilities or office space, provided the rental contract is made for a period not exceeding ten years. The two major laws governing concessions are the Act of December 14, 1917 and the Act of May 31, 1974.

Petroleum Sector

The Petroleum Act of November 1996 (superseding the 1985 Petroleum Act) sets forth the legal basis for Norwegian authorities' awards of petroleum exploration and production blocks and follow-up activity. The act covers governmental control over exploration, production, and transportation of petroleum.

Foreign oil companies report no discrimination in the award of petroleum exploration and development blocks in recent licensing rounds. Norway has implemented EU directives requiring equal treatment of EEA oil and gas companies. The Norwegian offshore concession system complies with EU directive 94/33/EU of May 30, 1994, which governs conditions for awards and hydrocarbon development. Norway's concession process operates on a discretionary basis, with the government awarding licenses based on subjective factors, e.g. what company is judged the best operator for a particular field, rather than according to competitive bidding or other objective basis.

The Norwegian government has dismantled former tight controls over the gas pipeline transit network that carries gas to the European market. All gas producers and operators on the Norwegian Continental Shelf (NCS) are free to negotiate gas sales contracts on an individual basis, with access to the gas export pipeline network guaranteed.

The government initiated partial privatization of the state-owned oil company, Statoil, in 2001 and partially sold off state oil and gas assets to Statoil and other operators on the NCS. Further

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privatization, however, was halted by the current government. Statoil and Norsk Hydro's oil and gas division, Norway's two major petroleum producers and largest NCS operators, merged on October 1, 2007. The new entity, Statoil, controls 80% of NCS operatorships. Following the merger, the Norwegian government held a 62.5% share in the merged firm, which has since been increased to the announced target of 67%. Given the dominant role the two Norwegian petroleum firms have played on the NCS, there was initially concern that the merger could have significant ramifications for foreign competitors operating offshore Norway. Industry representatives still report concern, but much of the initial criticism has died down over time, as a number of new market entrants have won contracts and thrive on the NCS, and dramatic monopolistic effects have failed to emerge as predicted. Norwegian companies Det Norske Oljeselskap ASA and Aker Exploration ASA merged in the second part of 2009 to form the second largest company on the Norwegian shelf in terms of licenses and operatorships. A number of U.S. energy companies are present on the NCS.

Norwegian authorities encourage the use of Norwegian goods and services in the offshore petroleum sector, but do not require it. The Norwegian share of the total supply of goods and services on the NCS has remained approximately fifty percent over the last decade.

Manufacturing Sector

Norwegian legislation granting national treatment to foreign investors in the manufacturing sector dates from 1995. Legislation that formerly required both foreign and Norwegian investors to notify and, in some cases, file burdensome reports to the Ministry of Industry and Trade if their holdings of a company's equity exceeded certain threshold levels was repealed in July 2002. Foreign investors are not currently required to obtain government authorization before buying shares of Norwegian corporations.

Financial and Other Services

Effective January 1, 2004, Norway liberalized restrictions on acquisitions of equity in Norwegian financial institutions. Prior to that time, any investor, foreign or domestic, had to obtain a concession from the Norwegian Finance Ministry to acquire more than 10 percent of such equity (or shareholder stake), unless they went on to acquire 100 percent of the financial institution. Current regulations delegate responsibility for acquisitions to the Norwegian Financial Supervisory Authority and streamline the process.

The Financial Supervisory Authority permission is required for acquisitions of Norwegian financial institutions that exceed defined threshold levels (20, 25, 33 or 50 percent). The Authority assesses the acquisitions to ensure that prospective buyers are financially stable and that the acquisition does not unduly limit competition.

The Authority applies national treatment to foreign financial groups and institutions, but nationality restrictions still apply to banks. At least half the members of the board and half the members of the corporate assembly of a bank must be nationals and permanent residents of Norway or another EEA nation. Effective January 1, 2005, there is no ceiling on foreign equity in a Norwegian financial institution as long as the Authority has granted permission for the acquisition.

The Finance Ministry has abolished remaining restrictions on the establishment of branches by foreign financial institutions, including banks, mutual funds and other types. Under the liberalized

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regime, Norway grants branches of U.S. and other foreign financial institutions the same treatment as domestic institutions.

Media

No individual party, domestic or foreign, may own more than 40 percent of one single national newspaper, radio and/or television company without a concession. National treatment is granted in line with Norway's obligations under the EEA accord. The introduction and growing importance of new media forms (including those emerging from the internet and wireless industries) raises concerns that the existing domestic legal regime (which largely focuses on printed media) is becoming outmoded.

Investment Screening Mechanisms

Investment applications, when required, are processed by the ministries concerned. For example, the Ministry of Trade and Industry handles applications to acquire real property in Norway when permission is required. The Finance Ministry handles cases involving financial institutions. The Ministry of Culture is responsible for media cases. Decisions are normally taken at the Ministerial level. However, in some cases with significant political implications, the minister(s) may ask the entire cabinet to make the decision.

The processing time for acquisition applications depends on several factors, but is normally from one to three months. The government may set conditions when a concession is granted, which is commonly done in cases involving more than one-third foreign ownership. Concession agreements do not permit a company to engage in business activities other than those specified. In general, the government screens investments on a case-by-case basis based on the "public interest" principle. This principle is vague and permits broad discretion, which the government has sometimes used to protect domestic business interests and preserve jobs.

Competition, Acquisition and Takeovers

Current legislation governing competition went into effect on May 1, 2004. The legislation established a Norwegian Competition Authority (NCA) under the authority of the Ministry of Government Administration, Reform and Church Affairs. The NCA is authorized to conduct non-criminal proceedings and impose fines, or "infringement fees," for anti-competitive behavior. The size of the fees may vary according to a number of factors, including company turnover and severity of the offense. The NCA may impose lower infringement fees if a company under investigation cooperates.

The 2004 legislation also empowers the NCA to halt mergers that threaten to significantly weaken competition. Companies planning mergers are obliged by law to report their plans to the NCA, which may conduct a review.

The Ministry of Government Administration, Reform and Church Affairs amended its regulations on the threshold values for triggering a merger review, effective January 1, 2007. The revisions increase the value thresholds to exempt more transactions from the obligation to submit a standardized notification to the NCA. Mergers in which the companies involved have a combined annual turnover in Norway exceeding NOK 50 million (about USD 9 million) must notify the Competition Authority. However, if only one of the undertakings concerned has an annual turnover in Norway exceeding NOK 20 million, notification is not required. The former thresholds for triggering a merger review were quite low – NOK 20 million (USD 3.5 million) and NOK 5 million (USD 900,000), respectively.

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Public Procurements

Pursuant to its obligations under the EEA, Norway implemented EU legislation on public procurements on January 1, 1994. Norway is also a signatory to the WTO Government Procurement Agreement (GPA). The EEA/EU legislation and WTO agreement oblige Norway to follow internationally recognized, transparent procedures for public procurements above certain threshold values.

All public procurement contracts exceeding certain threshold values must be published in the Official Journal of the European Union and in the EU's Tenders Electronic Daily (TED) databank. Norway instituted an electronic notice database more than a decade ago and currently transmits all tender notices electronically through this database to the TED system.

The rules apply to procurement by the central government, regional or local authorities, bodies governed by public law, or associations formed by one or more such authorities or bodies governed by public law. In addition, special rules apply to the procurement by certain entities in the "utilities" sectors of water, energy, transport and telecommunications.

Public agencies must publish general annual plans for purchases of goods and services, as well as general information on any major building and construction projects planned. No later than two months after a contract has been awarded, a notice stating which company won the contract must be published. All notices must be published in an EU language.

Discriminatory technical specifications may not be used to tailor contracts for a local or national supplier. Any technical standards applied in the procurement process must be national standards that are harmonized with European standards. If no such standards exist, other international or national standards may be applied. All specifications that are to be used in evaluating tenders must be included in the notice or in the invitation to tender.

In general, public procurements are non-discriminatory and based on open, competitive bidding. There are exceptions, however, notably in defense procurements where national security concerns may be taken into account. Exceptions for defense procurement leave a "gray area" for dual use items that also can be used in military operations.

Large public procurements can also become politicized. In 2006, for example, the government vacillated over awarding a large contract for an emergency communications system while several ministries carried on an internal debate, fueled by media and political critics, over the business ethics of the apparent winner.

In January 2003 the Norwegian Parliament established an independent review body for bid challenges that offers suppliers an inexpensive complaint process. This Complaint Board can issue "non-binding opinions" and review the legality of the procurement in question. More serious disputes may be taken before the European Surveillance Authority (ESA), or the courts, but the decision making process can be unduly lengthy.

Investment Incentives

Norway offers no significant general tax incentives for either domestic or foreign investors. There is an exception for investments in sparsely settled northern Norway, where reduced payroll taxes and other incentives apply. There are no free-trade zones, although taxes are minimal on Svalbard, a remote area, which is subject to special treaty provisions. A state industry and regional development fund provides support (e.g., investment grants and financial assistance) for industrial development in areas with special employment difficulties or with low levels of economic activity. Tax

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deductions are allowed for research costs in key industries, including the petroleum sector. Petroleum sector regulations for write-offs of exploration expenses are generous to encourage the search for new hydrocarbon resources.

Discriminatory/Preferential Export/Import Policies

An export promotion organization, Innovation Norway, assists export-oriented firms to market their goods and services internationally. Norway also maintains an export credit institution (Eksportfinans) and an export guarantee institution (GIEK).

Norway's agricultural sector is highly protected from external competition through a variety of tariffs, subsidies, and other barriers. Norway imposes high variable tariffs on farm product imports that compete with domestic products, largely excluding them from the market. Tariff rates on agricultural products currently average about 38 percent -- in comparison to less than one percent for non-agricultural products -- and can range up to several hundred percent. Agricultural export subsidies are also high.

Norway strictly limits imports of agricultural products containing genetically modified materials. Norway has gradually adopted the EU's biotechnology policies with regard to allowable content and labeling of genetically modified materials in foodstuffs, the culmination of an administrative review process initiated earlier this decade. Adopting EU standards has not necessarily eased entry for genetically modified agricultural products, however, as Norway still maintains a separate and independent domestic approval process that has kept practically all genetically modified foodstuffs, even many of those approved in the EU, off the local market.

International Comparative Scores/Rankings

Transparency International Corruption Perception Index, 2009: 8.6 (11/180 countries)

Heritage Economic Freedom:
 Economic Freedom Score: 70.2
 World Rank: 28

Ten Economic Freedoms 2009 Index Score

Business Freedom	88.1
Trade Freedom	89.2
Fiscal Freedom	50.3
Government Size	50.5
Monetary Freedom	78.1
Investment Freedom	60.0
Financial Freedom	60.0
Property Rights	90.0
FDM. From Corruption	87.0
Labor Freedom	48.6
AVERAGE	70.2

World Bank Doing Business: 10

Ease of...	2010 Rank	2009 Rank	Change in Rank
Doing Business	10	10	0

Starting a Business	35	25	-10
Dealing with Construction Permits	65	66	+1
Employing Workers	114	111	-3
Registering Property	8	10	+2
Getting Credit	43	41	-2
Protecting Investors	20	19	-1
Paying Taxes	17	17	0
Trading Across Borders	9	7	-2
Enforcing Contracts	4	6	+2
Closing a Business	3	3	0
	-----	-----	-----

2. Conversion and Transfer Policies

Dividends, profits, interest on loans, debentures, mortgages and repatriation of invested capital are freely and fully remissible, subject to Central Bank reporting requirements. Ordinary payments from Norway to foreign entities can normally be made without formalities through commercial banks.

3. Expropriation and Compensation

There have been no cases of questionable expropriation in recent memory. Government "takings" of property are generally limited to non-discriminatory land and property condemnation for public purposes (road construction, etc.). The Embassy is not aware of any cases in which compensation has not been prompt, adequate and effective.

4. Dispute Settlement

Norway has ratified principal international agreements governing arbitration and settlement of investment disputes, including the New York Convention of June 10, 1985. No major investment disputes have occurred in recent years.

Norway's legal system is well developed and provides effective means for enforcing property and contractual rights. Laws governing commercial matters are consistently applied without undue government interference.

5. Performance Requirements and Incentives

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Norway does not impose performance requirements or incentives on foreign investors.

6. Right to Private Ownership and Establishment

Subject to the restrictions noted above, foreign and domestic entities are generally free to establish and own business enterprises and engage in all forms of legal commercial activity. Norway generally treats private and public enterprises equally in terms of market access and other business operations. Foreign investors are generally permitted to participate freely in privatizations of Norwegian state firms.

7. Protection of Property Rights

Norway recognizes secured interests in property, both movable and real. The system for recording interests in property is recognized and reliable. Norway maintains an open and effective legal and judicial system that protects and facilitates acquisition and disposition of rights in property, including land, buildings and mortgages.

Intellectual Property Rights

Norway adheres to key international agreements for the protection of intellectual property rights (e.g., the Paris Union Convention for the Protection of Industrial Property, the Berne Copyright Convention, the Universal Copyright Convention of 1952, and the Rome Convention). It has notified its main intellectual property laws to the World Trade Organization. Norway's intellectual property statutes cover the major areas referred to in the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

The chief domestic statutes governing intellectual property rights include: the Patents Act of December 15, 1967, as amended; the Designs Act of March 14, 2003; the Copyrights Act of May 12, 1961, as amended; the Layout-design Act of June 15, 1990, as amended; the Marketing Act of June 16, 1972; and the Trademarks Act of March 3, 1961, as amended. The above legislation also protects trade secrets and industrial designs, including semiconductor chip layout design. As an EEA member, Norway has implemented the 2001 EU Copyright Directive, though its implementation could be subject to challenge (see below).

Patents

The patent office (Patenstyret) grants patents for a period of 20 years (Acts of June 8, 1979, and May 4, 1985). Patent protections are weak, however, in the pharmaceutical sector. Until 1992, Norway limited patent protection for pharmaceuticals to the manufacturing process for a drug's active ingredient. Although Norway introduced product patents for pharmaceuticals in 1992, the old system has left a difficult legacy for pharmaceutical companies, as competitors claiming to use non-patented processes have continuously entered the market. Several U.S. pharmaceutical companies began filing patent infringement lawsuits in Norwegian courts in 2005 to fend off these new entrants. One U.S. company lost a preliminary injunction in a patent infringement case in 2006, which allowed the copycat drug to enter the market immediately, cost the company significant revenue, and led to layoffs of local employees. In May, 2007, a Norwegian court ruled that a generic competitor did not infringe upon the leading local selling drug of a U.S. pharmaceutical company, which

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accounted for 25 percent of its local revenues. In 2008, American pharmaceutical companies led court challenges against other generic providers. The majority of prescription drugs currently sold in Norway are covered by the old "process" patent system, placing a significant amount of foreign pharmaceutical firms' local revenues at risk. As a result of this patent protection issue, U.S. companies were forced to restructure their Norwegian operations, and cut employees in Norway.

Given the significant and continued U.S. governmental and private industry concerns over the lack of Norwegian pharmaceutical patent protections, Norway was placed on the 2008 Watch List in the Office of the U.S. Trade Representative's Special 301 Report, and included again in 2009.

Copyright

Internet piracy exists in Norway. Broadband internet is standard, making peer-to-peer downloads of music and video easy and common. Groups that release early copies of new motion pictures (including so-called "encoding groups," release groups" and "top sites") on the internet are problematic, and Norway has experienced its first handful of "camcording incidents," where motion pictures are illegally recorded in cinemas.

Private organizations like the Motion Picture Association are attempting to raise public awareness of internet and video piracy, for example by running anti-pirating advertisements in movie theaters. Norwegian authorities have not undertaken any serious public relations efforts to combat internet or other piracy of copyrighted property. The Norwegian government does not consider itself obligated under the European Economic Area Agreement to implement the European Union Enforcement Directive.

In June 2005, Norway enacted legislation based on the EU's 2001 Copyright Directive that combats internet piracy and addresses some gaps in Norway's intellectual property rights protections. The legislation bans unauthorized peer-to-peer file sharing and requires that creative works can only be downloaded from the internet with the artist's prior approval. The legislation also grants legal protection to technological protection measures designed to prevent unauthorized use of a creative work. Based on this legislation, a consortium of Norwegian rights holders associations took Norway's largest Internet Service Provider (ISP) to court in June 2009, in order to compel it to block consumer access to the illegal file-sharing hub The Pirate Bay. The Court ruled that an ISP cannot be forced to restrict access to internet content under existing legislation, and now the matter rests with the Ministry of Culture, which is set to review and amend Norway's Copyright Act in 2010.

In 2008, analog TV broadcasting was discontinued, with the digital broadcasting standard implemented nationwide. All TV viewers now require an annual subscription and a digital receiver. This assists in combating a previous free-rider issue, where a significant amount of people would pick up TV signals with analog antennas without paying the annual license fee.

Counterfeit and Pirated Goods

Norway does not expressly ban imports of counterfeit or pirated goods. A trademark or copyright holder must obtain a court order and have the case referred to the police before customs authorities will take action to stop entries of pirated goods. In September 2007 legislation was enacted providing Norwegian customs officials with discretionary powers to inform rightsholders of suspected counterfeit/pirated seized goods. Previously, Norway's strict privacy laws barred customs authorities from informing rights

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holders when questionable shipments arrived at the border. The new legislation provides rightsholders with a five day window following notice of the seized goods, during which the rightsholders must decide whether to proceed with an injunction (which, if it fails, translates into the rightsholders inheriting the burden of covering all legal fees related to the failed injunction).

Enforcement

Enforcement of IPR protections is inconsistent. Norwegian police and judicial authorities are generally committed in principle to taking action against piracy and intellectual property right infringement, to the extent authorized by Norwegian law, and have successfully prosecuted a number of high-profile cases. However, the authorities lack the capability and resources to handle complaints about IPR violations effectively. Given limited resources, Norwegian law enforcement authorities have placed higher priority on areas like computer crime than traditional IPR violations. Local business representatives indicate that complaints about copyright infringement usually either go unaddressed or are given low priority.

8. Transparency of Regulatory System

The transparency of Norway's regulatory system is generally on par with that of the EU. Norway is obliged to adopt EU directives under the terms of the EEA accord. Government directives or rulings that affect foreign investors or businesses are not always, however, communicated to interested parties in a transparent and effective manner. Foreign investors and domestic companies sometimes complain that new regulations affecting their operations are announced and implemented on short notice with little effective opportunity to provide comments or input to policymakers.

9. Efficient Capital Markets and Portfolio Investment

Norway has a highly computerized banking system that provides a full range of banking services, including internet banking. There are no significant impediments to the free market-determined flow of financial resources. Foreign banks have been permitted to establish branches in Norway since 1996.

Foreign and domestic investors have adequate access to capital. The private sector enjoys access to a wide variety of credit instruments. The financial regulatory system is transparent and consistent with international norms. The Oslo Stock Exchange is well established and facilitates portfolio investment and securities transactions in general.

Norwegian banks are generally on a sound financial footing, and Norway has enjoyed a relatively sheltered position in the recent global financial turmoil. Conservative asset/liability requirements limited the exposure of banks to bankruptcies and plummeting markets internationally. However, frozen capital markets prompted a temporary liquidity crisis in the fall of 2008, and the government was forced to issue a modest bail-out package.

The Norwegian state acquired controlling stakes in the country's top three commercial banks in the government's bailout of the banking sector in the 1990s. The state has subsequently reduced its stakes in the top two banks and sold its entire stake in the third biggest bank to private investors. The assets of the top five commercial banks account for over 85 percent of total banking assets.

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In November, 2007, an Oslo-based investment house declared bankruptcy after Financial Supervisory Authority regulators revoked its license for failing to inform Norwegian townships of the high risks of their U.S. investments. The four small townships in northern Norway had been embroiled in a conflict with the equity house over losses, alleging that the brokerage firm failed to inform them of the high risk of 451 NOK (USD \$82 million) in investments placed through Citibank. All four of the townships had borrowed money against expected future income from municipal hydroelectric plants, and invested in complex funds in part based on risky subprime mortgages in the United States.

10. Competition from State Owned Enterprises

The government continues to play a strong role in the Norwegian economy through its ownership or control of many of the country's leading commercial firms. The public sector accounts for nearly sixty percent of GDP. The Norwegian government is the largest owner in Norway, with ownership stakes in a range of key sectors (i.e. energy, transportation, finance, and communications). Over 80 State Owned Enterprises (SOEs) are managed directly by the relevant ministries. Central or local authorities own approximately 35 percent of the companies listed on the Oslo Stock Exchange, and approximately 40 percent of the stock exchange's capitalization is in government hands.

The current center-left government, which assumed power in October 2005, and was reelected for a second term in 2009, has indicated that it intends to sustain stable levels of strong, transparent and predictable government ownership. The GON in 2009 increased its stake in the petroleum giant Statoil ASA, but also sold off other holdings.

Norway's Sovereign Wealth Fund, The Government Pension Fund Global (GPF), was established in 1990, and is currently valued at NOK 2600 billion (USD 471 billion). Petroleum revenues are invested in global stocks and bonds, and the current portfolio includes over 8000 companies and approximately 1 percent of global stocks. In 2004, Norway adopted ethical guidelines for GPF investments, which ban investment in companies engaged in various forms of weapons production, environmental degradation, human rights violations and other particularly serious violations of fundamental ethical norms. The fund has since divested from some 31 companies, 14 of which are American. As of 2009, the GPF has strengthened its Corporate Governance efforts, and intends to use shareholder engagement rather than divestment as a first resort.

11. Corporate Social Responsibility

CSR is very much part of Norwegian corporate and political consciousness. Significant attention has been given to ethical and sustainable business practices over the last several years, and the GON has issued a series of White Papers on various aspects of CSR, most recently in 2009, on CSR and the responsibility of Norwegian businesses in the global economy. In 2006 and 2007, the GON also set down guidelines for ethical and responsible conduct in Government owned enterprises, and incorporated climate policy, procurement policy and development policy as parts of the GON's broader CSR vision.

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12. Political Violence

Norway is a vibrant, stable democracy. Violent political protests or incidents are extremely rare. There have been no recent occasions of politically motivated attacks on foreign commercial projects or property in recent years.

13. Corruption

Business is generally conducted "above the table" in Norway, and Norway ranks 11 out of 180 countries on Transparency International's Corruption Perceptions Index for 2009. Corrupt activity by Norwegian or foreign officials is a criminal offense under Norway's Penal Code. Norway's anti-corruption laws cover illicit activities overseas, subjecting Norwegian nationals/companies who bribe officials in foreign countries to criminal penalties in Norwegian courts. Norway has ratified the UN Anticorruption Convention, and is signatory of the OECD Convention on Combating Bribery. In 2008, the Ministry of Foreign Affairs launched an anti-corruption initiative, focused on limiting corruption in international development efforts.

Norway is a member the Council of Europe's anti-corruption watchdog Group of States Against Corruption (GRECO). According to the most recent (September 2004) GRECO evaluation, Norway's law enforcement and judicial authorities are well equipped to deal with economic crimes, including corruption. GRECO recommended that Norway step up training of police officers and prosecutors to better detect and fight corruption. According to a follow-up report dated October 2006, Norway satisfactorily implemented GRECO's recommendations.

14. Bilateral Investment Agreements

Norway has concluded investment protection agreements with numerous countries. These agreements contain provisions for repatriation of capital, dispute settlement, and standards for expropriation and nationalization by the host country.

Norway and other members of the European Free Trade Association (EFTA) – Iceland, Liechtenstein and Switzerland – have jointly concluded free trade agreements and/or declarations of cooperation with more than twenty countries, or blocks of countries, since 1960. These include: , Canada, Chile, Colombia, Croatia, Egypt, Israel, Jordan, Lebanon, Macedonia, Mexico, Morocco, the Palestinian Authority, Singapore, Southern African Customs Union, The Republic of Korea, Tunisia, Turkey, Albania, Algeria, , the Gulf Cooperation Council, MERCOSUR, Mongolia, Serbia, –, and Ukraine. The agreements cover trade in goods and services, services and investment, dispute settlement and other issues generally found in bilateral investment accords.

15. OPIC and Other Investment Insurance Programs

The Norwegian Guarantee Institute for Export Credits (GIEK) is the central governmental agency responsible for issuing export credits and investment guarantees. GIEK operates under the authority of the Norwegian Ministry of Trade and Industry, which contains a section that oversees export and investment guarantees and domestic industry financing.

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GIEK's primary function is to promote export of Norwegian goods and services and Norwegian investment abroad. It underwrites exports to over 150 countries of all types of goods and services. The guarantees may encompass a single transaction or a series of transactions and cover not only commercial risk, i.e., bankruptcy on the part of the debtor or non-payment for other reasons, but also political risk, i.e., war, expropriation and actions by the public authorities that prevent payment.

GIEK offers long term guarantees for export of capital goods to most countries, including emerging markets. The guarantees are issued on behalf of the Norwegian government and can be used as security vis-à-vis banks and other financial institutions to facilitate funding. The Director General and a Board of seven directors are responsible for day-to-day operations.

GIEK guarantees for the down payment on a loan raised by the buyer for financing deliveries from a Norwegian exporter.

GIEK is a member of the Berne Union. Norway is a member of the Multilateral Investment Guarantee Agency (MIGA).

16. Labor

Skilled and semi-skilled labor is usually available in Norway, though strong economic growth in recent years has caused shortages in certain professions (e.g., nurses) and in unskilled labor (construction workers). The labor force as of Q3 2009 totals about 2.58 million persons (up from 2.52 million persons in 2007), representing 72.6 percent of the working-age population. Unemployment stood at 3.2 percent as of October 2009, up from 2.6 percent at the end of 2008. Unemployment is expected to increase slightly in 2010, before leveling off.

For the last few years, financial services and other business activities have shown the strongest employment growth. Other recent growth sectors include legal, accounting, and auditing services, business and management consultancy, as well as temporary staffing agencies. These same entities experienced large-scale staffing cuts following the financial crisis, but are now experiencing signs of growth.

Union membership is in excess of 1.5 million persons, over 60 percent of the labor force. Labor benefits are generous, e.g., one year's paid maternity leave (financed chiefly by the government).

The average number of hours worked per week, 34.0 in 2008, is the second lowest in the OECD, ahead of the Netherlands. Sickness and absenteeism rates rose from 7.0 percent in Q3 2008 to 7.7 in Q3 2009. This is 3.6 percentage points above 2001 levels, the year the inclusive labor market agreement was implemented. Rates are up for all sectors, but particularly high in professional, scientific and technical activities, including real estate and construction.

Despite attempts to curb wage growth, Norwegian blue-collar hourly earnings are comparatively high. (High wages encourage the use of relatively capital-intensive technologies in Norwegian industry.) Top-level executives and highly-skilled engineers on the other hand, are generally paid considerably less than their U.S. counterparts.

Obtaining work permits for foreign labor, particularly for semi-skilled workers, can be cumbersome. Norway has witnessed a strong influx of foreign workers as demand for labor has outstripped

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supply in some sectors, e.g., construction.

The government has a history of imposing mandatory wage mediation should strikes threaten key sectors in the economy, particularly the oil and gas and transportation sectors. The government stepped in 2006 to prevent a threatened strike in the banking sector. There was no mandatory wage mediation in the 2009 intermediate wage negotiations.

17. Foreign-Trade Zones/Free Ports

Norway has no foreign trade zones and does not contemplate establishing any.

18. Foreign Direct Investment Statistics

The following data are the latest available from the Norwegian Central Bank and the Norwegian Central Bureau of Statistics. Figures on investment position refer to book value. These figures are limited to companies in which a single foreign investor holds 10 percent or more of equity capital and do not include foreign ownership interests via third party investment. Flow investment statistics are based on market value. FDI stands for Foreign Direct Investment.

Note that the NOK/USD exchange rates were as follows for the period in review:

Source: Norges Bank

	200	200	200	200	200	200	200	200	200	200
	1	2	3	4	5	6	7	8	9	
End -	9.0	6.9	6.6	6.0	6.7	6.2	5.4	7.0	5.7	
Period	1	7	8	4	7	3	1	5	8	
(Last day recorded)										
Period -	8.9	7.9	7.0	6.7	6.4	6.4	5.8	5.6	6.2	
Average	9	7	8	4	5	2	6	4	8	

Table I: FDI Position in Norway by Country (NOK Bill)
 Source: Statistics Norway

	2001	2002	2003	2004	2005	2006	2007
Total FDI	294.4	298.0	327.1	479.5	516.7	599.0	657.9
of which from:							
U.S.	28.2	34.6	33.3	98.4	109.2	107.2	122.0
Sweden	55.1	52.1	74.0	104.0	113.0	114.0	119.0

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	4	2	0	3	
France	14.5	20.4	18.6	29.8	32.2 37.1 46.4
Netherland s	52.1	47.5	55.0	37.8	39.5 54.9 41.9
UK	24.8	30.1	29.5	46.0	46.0 54.4 56.6
Germany	5.4	5.7	6.0	8.3	13.6 20.2 16.9
Denmark	34.3	28.9	43.4	47.6	51.1 70.9 68.6
Finland	29.1	28.1	8.1	13.9	13.1 13.2 11.9
Switzerlan d	9.6	12.4	11.3	15.9	21.8 20.3 26.4
Japan	4.0	3.4	2.6	3.5	3.6 3.1 2.9
All EU	225.	220.	246.	308.	331. 396. 405.
	3	4	6	0	5 8 9
FDI/GDP (%)	16.3	16.4	17.9	25.2	26.5 30.3

Table II: FDI Position in Norway by Industry (NOK Bill)
Source: Statistics Norway

	200	200	200	200	200	200	200
	1	2	3	4	5	6	7
Total FDI	294	298	327	479	516	599	657
	.4	.0	.1	.5	.7	.0	.9
of which in:							
Mining/Quarrying	80	83	77	111	135	149	182
	.9	.3	.7	.0	.4	.1	.9
Manufacturing	56	64	66	130	137	145	143
	.8	.1	.7	.3	.9	.9	.6
Construction	4.6	4.3	2.3	4.3	3.9	4.6	4.6
Wholesale/Retail/Ho tel/Rest.	42.	37.	44.	60.	61.	62.	56.
	4	2	2	9	9	6	1
Transport/Communica tions	20.	19.	40.	47.	44.	54.	52.
	1	7	1	4	2	4	3
Financial/Insurance /Property	72.	72.	78.	90.	95.	131	160
	6	9	7	9	0	.8	.7
Other	16.	16.	17.	33.	35.	48.	57.
	0	5	4	3	5	5	7

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Table III: Norway's Investment Position Abroad by Country (NOK Bill)
 Source: Statistics Norway

	2001	2002	2003	2004	2005	2006	2007
Total Inv. Abroad	337.6	327.9	381.3	488.8	629.9	754.1	773.9
of which in:							
U.S.	37.4	44.7	45.9	43.5	110.8	103.5	78.2
Sweden	65.0	59.9	66.1	91.2	89.4	111.7	116.1
Denmark	28.9	27.8	32.4	23.2	42.8	39.3	49.3
UK	33.5	18.1	23.6	26.2	38.2	39.1	53.6
Netherlands	19.1	24.8	24.1	38.8	53.5	63.8	96.5
Germany	0.05	17.1	15.6	19.9	29.1	17.8	19.8
All EU	204.3	206.1	232.8	306.4	355.5	428.1	463.3
Total/GDP(%)	27.7	27.8	30.2	29.6	35.0	39.8	

Table IV: Norway's Investment Position Abroad by Industry (NOK Bill)
 Source: Statistics Norway

	2001	2002	2003	2004	2005	2006	2007
Total FDI	294.4	298.0	327.1	479.5	516.7	599.0	657.9
of which in:							
Mining/Quarrying	76.6	74.5	90.3	106.2	170.6	221.5	177.5
Manufacturing	99.0	112.2	122.7	144.0	191.7	162.3	187.2
Construction	0.8	0.4	0.5	0.7	1.3	2.2	1.4
Wholesale/Retail/Hot el/Rest.	13.3	12.0	13.2	20.5	16.8	19.7	23.1
Transport/Communications	47.0	31.8	43.5	68.2	79.3	132.6	131.0
Financial/Insurance/	47.4	41.0	39.9	52.5	56.7	71.1	96.6

Property	4 3 8 2 8 5 0
Other	53. 55. 71. 96. 112 114 157
	4 7 2 0 5 4 6

Major Foreign Investors

Norwegian, American and other foreign petroleum companies have invested billions of dollars in the Norwegian offshore petroleum sector. The major U.S. investors offshore are: ExxonMobil, ConocoPhillips, Chevron, Marathon, and Hess. Major U.S. petroleum service providers include Halliburton, Baker Hughes, National Oilwell Varco, Weatherford, and BJ Services. The number of companies holding production operator licenses on the Norwegian Continental Shelf currently totals 57, including other international majors like BP-Amoco, Shell, ENI, and Total. In 2008, foreign and Norwegian petroleum firms invested approximately NOK 127 billion (USD 22 billion) in the offshore petroleum sector.

On the Norwegian mainland, major U.S. investors and suppliers include: IBM, Microsoft, Dell, Google, Coca-Cola Norge, Pepsi Cola Norge, Kraft General Foods, American Express, General Electric, FMC, General Motors, Ford Motor Company, Avis, Hertz, Pfizer, Merck, Eli Lilly, Colgate-Palmolive, DHL International, Ernst & Young, Hewlett-Packard, Ingersoll-Rand, Kellogg, 3M, Manpower, Motorola, Yahoo, Wrigley and Xerox Corporation.

Note on Sources

Information in this report was obtained from various sources within the Ministries of Finance, Trade and Industry, Labor, and Foreign Affairs, as well as the Norwegian Central Bureau of Statistics and the Central Bank of Norway.

Web Resources

Norwegian Ministry of Finance
<http://www.regjeringen.no/en/dep/fin>
Norwegian Ministry of Trade and Industry
<http://www.regjeringen.no/en/dep/nhd>
Norwegian Ministry of Labor
<http://www.regjeringen.no/en/dep/aid>
Norwegian Ministry of Foreign Affairs
<http://www.regjeringen.no/en/dep/ud>
Statistics Norway
<http://www.ssb.no/english/>
Central Bank of Norway
<http://www.norges-bank.no/english/>

WHITE

Signature: WHITE

Info:

Attachments: metadata.dat

Dissemination Rule: Archive Copy

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ACTION STR-00

INFO LOG-00 EEB-00 VCI-00 AID-00 CEA-01 CIAE-00 COME-00
CTME-00 INL-00 DODE-00 ITCE-00 EXME-00 AVC-00 EUR-00
E-00 UTED-00 FRB-00 TEDE-00 INR-00 IO-00 LOC-01
VCIE-00 NSAE-00 ISN-00 NSCE-00 OES-00 OMB-00 MA-00
ISNE-00 SP-00 IRM-00 SSO-00 SS-00 TRSE-00 FMP-00
BBG-00 IIP-00 DRL-00 G-00 NFAT-00 SAS-00 FA-00
SEEE-00 /002W

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-----E67784 261430Z /38

R 261415Z NOV 10
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 0536
INFO EUROPEAN POLITICAL COLLECTIVE

UNCLAS STOCKHOLM 000756

REVIEW AUTHORITY: Clarke Ellis,
Senior Reviewer

PLEASE PASS TO USTR

E.O. 13526: N/A

TAGS: ETRD, KIPR, SW

SUBJECT: Appellate court ruling on the Pirate Bay upholds verdict --
increases damages but shortens and differentiates prison sentences

1. (U) Summary. Svea Hovratt, the Appellate court in Stockholm, on November 25 upheld the guilty verdict from the district court of Stockholm of April 2009. The Appellate court increased the damages from 30 Million SEK (USD 4.3 Million) to 46 Million SEK (USD 6.5 Million), but lowered and differentiated the prison sentences. The prison terms now better reflect the actual involvement in the operations of the Pirate Bay site. The film industry's legal counsel is happy with the ruling, and the defendants have already said that they will appeal to the Supreme Court. End summary.

2. (U) Three of the men behind the Pirate Bay filesharing site had their convictions upheld by the court of appeal on November 25. Fredrik Neij was sentenced to ten months in prison, Peter Sunde to eight months, while Carl Lundstrom received a sentence of four months. The prison sentences were thus lowered and differentiated, so the terms now better reflect the actual involvement in the operations of the Pirate Bay site. The appeals court didn't review the case against Gottfrid Svartholm Warg because he was sick in a hospital in Cambodia during the trial. He is set to receive a new trial at a later date. In addition, the court of appeal increased the compensation the defendants are required to pay up to 46 Million SEK (USD 6.5 million). Lawyers for the entertainment industry had requested damages of 120 Million SEK (USD 17 Million). Monique Wadsted, legal counsel for the film industry, is satisfied with the ruling, saying that "it establishes that the activities are illegal and that the severity of the crime justifies a prison sentence."

Background

3. (U) May 31, 2006 approximately 50 policemen raided 12 premises

in Sweden related to The Pirate Bay and confiscated 186 servers from the Pirate Bay's hosting company PRQ in Stockholm. January 31, 2008 Swedish prosecutors filed charges of "assisting copyright infringement" against the four co-founders of The Pirate Bay, a Bit Torrent indexing website. The defendants were Fredrik Neij, Gottfrid Svartholm Warg, Peter Sunde, and Carl Lundstrom. Rights holders organizations supported the charges and filed a civil lawsuit asking for 17 million USD in compensation for loss of income due to the illegal downloading facilitated by the site. The trial began on February 16, 2009 in the district court of Stockholm, Sweden.

4. (U) On April 17, 2009 the District court of Stockholm announced a unanimous verdict. The defendants were found guilty, although the charges were reduced to "assisting making available copyrighted content" signifying that they were found guilty of being accessories to criminal activity rather than the perpetrators. They were sentenced to serve one year in prison each and pay 4.3 Million USD. Both sides appealed the verdict. The appeal court trial started on September 28, 2010.

MINIMIZE CONSIDERED.
Stewart

NNNN

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Page 1 of 4

From: svcsmartmf
 Sent: 4/28/2011 4:14:33 PM
 To: SMART Core
 Subject: POLAND - 2011 SPECIAL 301 DEMARCHE

RELEASE IN FULL

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MRN: 11 STATE 40778
 Date/DTG: Apr 28, 2011 / 282004Z APR 11
 From: SECSTATE WASHDC
 Action: WARSAW, AMEMBASSY ROUTINE
 E.O.: 13526
 TAGS: ECON, ETRD, KIPR, PL
 Reference: 11 STATE 4306
 11WARSAW 0212
 Pass Line: USTR PASS PPINHA, DHS PASS DBRENER, DOC PASS ACORNWELL
 DOJ PASS JZACHARIA, DOL PASS MPETTIS, LOC PASS MWOODS,
 NSC PASS DBELL, USPTO PASS JURBAN
 Subject: POLAND - 2011 SPECIAL 301 DEMARCHE

REVIEW AUTHORITY: Clarke Ellis,
 Senior Reviewer

UNCLAS STATE 040778

USTR PASS PPINHA, DHS PASS DBRENER, DOC PASS ACORNWELL
 DOJ PASS JZACHARIA, DOL PASS MPETTIS, LOC PASS MWOODS,
 NSC PASS DBELL, USPTO PASS JURBAN

E.O. 13526: N/A
 TAGS: ECON, ETRD, KIPR, PL
 SUBJECT: POLAND - 2011 SPECIAL 301 DEMARCHE

REF: A) 11 STATE 4306
 B) 11WARSAW 0212

1. This is an ACTION REQUEST. The Trade Policy Staff Committee has made its recommendations to the U.S. Trade Representative (USTR) regarding Poland's status in the Special 301 2011 Report.

Poland will not be listed in any list on the 2011 Special 301 Report.

However, the Special 301 Subcommittee asked that this Demarche be delivered to the Government of Poland as a means of further engaging with Poland on intellectual property rights (IPR) protection and enforcement.

Post should request that the Government of Poland refrain from any public announcement until the annual report is released on May 2, 2011.

Post is requested to use the information in Paragraph 6 to provide the host government with advance notice of the conclusion of the review and of the impending announcement of the Special 301 2011

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CLASSIFICATION: UNCLASSIFIED
Page 2 of 4

Report on May 2.

This information will be embargoed until 12:00 pm NOON Washington time on May 2; Post should request that the host government keep this information embargoed until that time. Washington prefers that points be delivered orally/in person. Post is requested to direct any press inquiries to USTR. Post is asked to not deliver these points until one business day before the release of the Special 301 Report on May 2, 2011. END ACTION REQUEST.

2. Special 301 Background. Pursuant to Section 182 of the Trade Act of 1974, as amended by the Omnibus Trade and Competitiveness Act of 1988 and the Uruguay Round Agreements Act (enacted in 1994), under the Special 301 provisions, the USTR must identify those countries that deny adequate and effective protection for IPR or that deny fair and equitable market access for persons that rely on IPR protection and enforcement. Countries that have the most onerous or egregious acts, policies, or practices, and whose acts, policies, or practices have the greatest adverse impact (actual or potential) on the relevant U.S. products must be designated as "Priority Foreign Countries."

Priority Foreign Countries are potentially subject to an investigation under the Section 301 provisions of the Trade Act of 1974. The USTR may not designate a country as a Priority Foreign Country if it is entering into good faith negotiations or making significant progress in bilateral or multilateral negotiations to provide adequate and effective protection and enforcement of IPR.

Additionally, under Section 306, USTR monitors a country's compliance with bilateral intellectual property agreements that are the basis for terminating an investigation under Section 301. The United States may apply sanctions if a country fails to implement an agreement satisfactorily.

3. For countries that do not fall into the category described above, but where the United States nonetheless has concerns regarding the protection of intellectual property rights, USTR instead places countries on one of two lists that it has created through administrative practice: The Special 301 Priority Watch List (PWL) and the Watch List (WL). The United States uses these lists to signal to foreign governments, industry, and the public the seriousness with which the United States Government (USG) views intellectual property (IP) problems in the listed countries. These categories are not statutory, they do not trigger formal investigations, nor do they lead to sanctions. A brief description of PWL and WL:

Placement of a trading partner on the Priority Watch List or Watch List indicates that particular challenges exist in that country with respect to IPR protection, enforcement, or market access for persons relying on intellectual property. Countries placed on the Priority Watch List are the focus of increased bilateral attention concerning the problem areas.

4. In addition to these categories, USTR may conduct Out-of-Cycle Reviews (OCRs), or Special 301 Initiative reviews, with respect to particular countries. An Out-of-Cycle Review is a publicly announced review in which special attention is given to a country's IP practices, and in which bilateral engagement is heightened. A Special 301 Initiative is not publicly announced, but special attention is given to a country's IP practices and bilateral engagement is heightened. A review under either an OCR or the Special 301 Initiative could result in a change to a country's placement on a Special 301 list prior to the publication of the

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Page 2 of 4

2012 Special 301 Report.

5. As a new step in the 2011 Special 301 Report, the United States will publicly invite all governments of countries listed in the report to engage with the USTR to seek agreement on an action plan to address the concerns raised in the Report. This new step responds to recommendations in the 2010 Joint Strategic Plan on Intellectual Property Enforcement (JSP), which called on USTR to increase the effectiveness and strengthen implementation of Special 301 action plans.

Pursuant to that recommendation, USTR will announce in the 2011 Special

301 Report that it invites any country appearing on the Special 301 Priority Watch List or Watch List to negotiate an action plan designed to lead to that country's removal from the relevant list. Agreement on such a plan will not by itself change a country's status under Special 301. However, in the past, successful completion of action plans has led to the removal of trading partners from Special 301 lists. (As relevant, Posts may extend this invitation to demarche recipient countries that were not listed in the report, but which may be interested in an action plan as a means of avoiding a future listing.)

6. 2011 Special 301 results for Poland.

We ask that Embassy Warsaw highlight the following in its discussion with host government officials.

The content of this demarche is embargoed until 12:00 p.m. May 2, 2011, Washington, DC time. USTR has requested that Post not deliver the demarche until one business day prior to May 2.

– Poland will not be included on any lists in the Special 301 Report.

We request that Poland refrain from any public announcement until the annual report is released on May 2, 2011.

– Poland has made significant progress in reducing the sale of counterfeit products and pirated optical discs in outdoor markets. Poland has given tax inspectors the authority to verify software license compliance, and the Ministry of Economy has conducted public awareness campaigns to promote the use of legitimate software by Polish businesses. The United States Government (USG) was pleased to learn that the Border Guard and Customs Service has developed training programs and procedures to combat the importation of counterfeit medicines.

– While The USG commends Polish police for pursuing more than 1,500 cases of piracy over the Internet, for reducing the number of infringing peer-to-peer networking hubs located in Poland, and for seizing more than 150 terabytes of illegal content in a coordinated raid against The Pirate Bay Network, we nevertheless remain concerned about the rapid growth of piracy over the Internet in Poland. The police have done an admirable job in pursuing piracy over the Internet, but they are still under-resourced and under-equipped to tackle this problem. Many prosecutors appear to be unwilling to bring cases involving piracy over the Internet to trial, and the judiciary appears to be reluctant to impose deterrent penalties against copyright infringers.

– We urge Poland to build on the progress that it has made over the past few years, by increasing funding and training for law enforcement and prosecutors, by streamlining the process for IPR prosecutions, and by imposing deterrent sentencing for IPR

violators. The USG also encourages Poland to foster collaboration between rights holders and Internet Service Providers to address problems rights holders experience in the online environment. We suggest the expansion of instruction in Polish colleges, high schools and middle schools on the importance of IPR protection.

– We understand that Poland intends to make intellectual capital ? including IPR ? one of its priority areas when it assumes the Presidency of the European Council. We also understand that Poland's Inter-ministerial Team is developing its triennial strategic plan to address IPR issues in 2011-2013, and we look forward to seeing that document.

– Post should convey the USG's desire to continue working with Poland on these issues and the USG's desire to further develop strong U.S.-Poland economic and commercial relations, built upon common values of respect for innovation and intellectual property protection and enforcement.
CLINTON

Signature: CLINTON

Drafted By: EEB_TPP_IPE:DRINKARD, DAVID J – 04/28/11

Approved By: EEB_TPP_IPE:DRINKARD, DAVID J

Info:

Attachments: metadata.dat

Action Post:

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Page 1 of 3

From: SMART Archive
 Sent: 7/3/2014 3:17:56 PM
 To: SMART Core
 Subject: Argentina - Economic and Financial Review, June 28-July 3, 2014

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MRN: 14 BUENOS AIRES 648
 Date/DTG: Jul 03, 2014 / 031915Z JUL 14
 From: AMEMBASSY BUENOS AIRES
 Action: WASHDC, SECSTATE ROUTINE
 E.O.: 13526
 TAGS: ECON, ETRD, ECIN, EINV, USTR, XR, AR
 Captions: SENSITIVE
 Subject: Argentina - Economic and Financial Review, June 28-July 3, 2014

REVIEW AUTHORITY: Clarke Ellis,
 Senior Reviewer

1. (U) Provided below is Embassy Buenos Aires' Economic and Financial Review covering the period of June 28-July 3, 2014. This document is Sensitive But Unclassified (SBU) and For Official USG use only. It should not be disseminated outside of USG channels or in any public forum without the written concurrence of the originator. It should not be posted on the internet. Please contact the ECON Section (WeissmannV@state.gov) to be included on the email distribution list of this report.

Exchange Rate

2. (SBU) Exchange Rate ARS/USD: Official unchanged at 8.15; Unofficial at 11.95, 1.75% increase (on the week).

Seeking to Avoid Default, Economy Minister to Visit Washington

3. (SBU) Economic Minister Axel Kicillof will fly to Washington with Foreign Minister Hector Timerman to press Argentina's case against its holdout creditors. The two ministers will attend a July 3 meeting of the Organization of American States (OAS), but a Government of Argentina (GOA) press release discarded the possibility of actually meeting with the holdouts this week. "We will only [be in Washington] long enough to attend the OAS meeting," the GOA said. Most analysts expect Argentina to use the opportunity to present their view of the Argentina's debt struggle.

4. (SBU) Two working-level officials, Federico Thea and Pablo Lopez, are scheduled to meet on July 7 with the "Special Master" appointed by Judge Thomas Griesa to facilitate a settlement. Meanwhile the Bank of New York (BoNY), which recently received USD 549 million from the GOA to pay bondholders who took restructured offers, has been stuck in a legal limbo. Griesa ordered BoNY not to distribute the funds and instead return them to Argentina; Argentina has refused to accept the money, however. BoNY also is concerned that European bondholders might sue it for failing to comply with its European debt distribution obligations. Caught between potential lawsuits from exchange bondholders and a U.S. court order, BoNY is apparently seeking clarification from Griesa on how to proceed.

Energy Secretary Resigns

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 Page 1 of 3

5. (SBU) Argentina's longstanding Energy Secretary Daniel Cameron was asked to resign on July 1 to make way for a younger ally of Economic Minister Axel Kicillof, according to the media. Cameron had reportedly clashed with other government officials. President Cristina Fernandez de Kirchner asked Mariana Matranga, a 38-year old petroleum engineer from YPF, to take over the position.

Argentina Orders Pirate Bay Site Blocked

6. (SBU) Argentina's telecom regulator ordered 11 internet service providers to block illegal file-sharing website The Pirate Bay in accordance with a court order. The preliminary injunction comes following a lawsuit by the Argentine Chamber of Phonograms and Videograms Producers (CAPIF) that the site was illegally sharing content. Hackers responded by replacing the landing page of CAPIF with a proxy version of the The Pirate Bay. Argentina is the first country in Latin America to ban the infamous website.

Fiscal Deficit Rises

7. (SBU) Argentina recorded an ARS 4.2 billion (USD 524 million) deficit in April, an increase of 40 percent in nominal terms. Argentina's accumulated deficit this year has now risen 28.5 percent to USD 2.4 billion. Tax revenues rose 42 percent while government spending rose 40 percent. Higher debt payments explained much of the month's increase, 10 percent more than the year before. The deficit was financed primarily from Argentina's Central Bank and national pension fund ANSES. Had these entities not loaned the government funds, April's deficit would have been twice as large.

Gasoline Prices Continue to Climb

8. (SBU) Following a scheduled 4 percent increase in July, gasoline prices this year are now up 29 percent in nominal terms after having increased in six of the last seven months. Newspapers reported that the increase was part of an agreement between the GOA and oil companies to raise gasoline prices in order to compensate for the 23 percent January devaluation. This latest increase puts the price of regular unleaded gasoline for YPF, Argentina's largest gasoline retail seller, at USD 5.31 per gallon.

Bus Fares to Rise 20 Percent

9. (SBU) The government increased the metropolitan area of Buenos Aires raised the price of a bus ticket 20 percent beginning in July. The new price will go from ARS 2.50 to ARS 3 – the new price is about 37 cents per trip (at the official rate). Retirees, domestic workers, and the poor will keep their 40 percent discount. This is the second increase since the beginning of the year, when it rose from ARS 1.50.

Banks Told to Continue Cheap Credit for SMEs

10. (SBU) Argentina's Central Bank for the fourth time renewed its requirement that private banks allocate a portion of their deposits to loans in order to promote small- and medium-sized enterprise (SME) growth. This iteration of the program will raise the requirement from 5 percent to 5.5 percent. Since its implementation, the program has resulted in ARS 74 in loans, with an additional ARS 30 billion in credit expected over the next six months.

Signature: SULLIVAN

Drafted By: BUENOS AIRES:Le Roy, Benjamin
Cleared By: ECON:Higgins, Scott C
Approved By: CONS:Perrone, Daniel M
Released By: BUENOS AIRES:Higgins, Scott C
Info:

DEPT OF TREASURY WASHINGTON DC ROUTINE ;
DEPT OF AGRICULTURE USD FAS WASHINGTON DC ROUTINE ;

DEPT OF COMMERCE WASHINGTON DC ROUTINE ; ;
DEPT OF LABOR WASHINGTON DC ROUTINE ; CIA WASHINGTON DC ROUTINE ;
NATIONAL SECURITY COUNCIL WASHINGTON DC ROUTINE ;
SOUTHCOM IESS MIAMI FL ROUTINE ; G TWENTY COLLECTIVE ROUTINE ;
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From: SMART Archive
Sent: 11/14/2014 7:13:17 AM
To: SMART Core
Subject: Stockholm Input: 2014 Notorious Markets Report

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**REVIEW AUTHORITY: Clarke Ellis,
Senior Reviewer**

MRN: 14 STOCKHOLM 804
Date/DTG: Nov 14, 2014 / 141211Z NOV 14
From: AMEMBASSY STOCKHOLM
Action: WASHDC, SECSTATE ROUTINE
E.O.: 13526
TAGS: ECON, ETRD, KIPR, SW
Captions: SENSITIVE
Reference: 14 STATE 128060
Pass Line: EUR/NB FOR MCGINLEY
EB/TPP/IPE FOR DUBORD
Subject: Stockholm Input: 2014 Notorious Markets Report

(U) Per reftel, Post has reviewed stakeholder submissions on IPE's site and would like to offer the information below regarding the Pirate Bay. Post has no further examples of egregious markets for consideration by the Special 301 Committee.

2. (SBU) Post contacts, who represent a range of rightsholders, in November brought a case to Swedish courts requesting that Bredbandsbolaget (one of the major ISPs in the country) block customers' access to the Pirate Bay. This is the first major case in Sweden of this type. Previously, rightsholders have worked through the court system to obtain judgments ordering ISPs to cut off internet access to sites with illicit materials. For example, ISPs Black Internet and Portlane were ordered to cut off internet access for the Pirate Bay.

3. (SBU) Stakeholder submissions correctly note that the true operators of the site remain unknown. The individuals who were previously convicted in the trials concerning the operations of the Pirate Bay maintain they no longer have anything to do with the operation of the site, but it has proven impossible to verify. With the arrest of Fredrik Neij on the border between Laos and Thailand earlier in November, all four individuals who were sentenced in the Pirate Bay trial are now in some stage of serving their original sentence (including having served the full term). Our contacts see this as an important signal to the

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Page 1 of 2

pirates, "we will find you, wherever you are..."

4. (SBU) In general, rightsholders' organizations are optimistic about the direction of enforcement efforts. They have many ongoing cases in which they expect rulings, and they feel that the dedicated police units now are working much more efficiently to investigate and move cases to prosecution. They want to focus their efforts on the blocking of sites discussed in para 2, engaging with politicians to increase the sentences for IPR-related crime, and on efforts to criminalize streaming.

Signature: Brzezinski

Drafted By: STOCKHOLM:Henningsson, Annika
Cleared By: Stockholm:Layne, Michael J
Approved By: Stockholm:Sullivan, Michael A
Released By: STOCKHOLM:Layne, Michael J
Info: EUROPEAN POLITICAL COLLECTIVE ROUTINE

Dissemination Rule: Archive Copy

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Page 1 of 3

From: SMART Archive
Sent: 11/18/2014 7:14:42 AM
To: SMART Core
Subject: Notorious Markets: Mission Argentina Input for 2014 Report

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SBU

**REVIEW AUTHORITY: Clarke Ellis,
Senior Reviewer**

MRN: 14 BUENOS AIRES 1160
Date/DTG: Nov 18, 2014 / 141442Z NOV 14
From: AMEMBASSY BUENOS AIRES
Action: WASHDC, SECSTATE ROUTINE
E.O.: 13526
TAGS: ECON, ETRD, EINV, ECIN, AR
Captions: SENSITIVE
Reference: 14 STATE 128060
Correction Reason: CORRECTED COPY: Correcting Paragraph 9
Subject: Notorious Markets: Mission Argentina Input for 2014 Report

Summary

1. (SBU) In response to USTR's request (reftel) for comment on the draft "2014 Notorious Markets Report," Mission Argentina provides the following input based on first-hand observations, local media reports, and discussions with industry representatives. According to local observers, the Government of Argentina (GOA) has made little progress to diminish the growth of these markets, instead allowing them to flourish. Any government intervention appears focused on improving tax collections on such commercial activity or to protect local businesses. The music industry scored one win in June when the local industry group won a legal injunction that ordered internet service providers to block access to The Pirate Bay, a peer-to-peer file sharing site based in Sweden. End Summary.

Physical Markets

Lack of Government Enforcement Allows La Salada to Expand ...

2. (SBU) La Salada is frequently described as the largest black market network in South America. Although many sellers offer their own locally-produced goods, the sale of pirated and counterfeit products is rampant throughout the markets. The main market is located in the Lomas de Zamora area of Buenos Aires Province and operates in four main shopping arcades along the passageways of Urkupiña, Ocean, Punta Mogote, and Tunari. La Salada also has a branch called "Megapolo de Santa Rosa" in the Santa Rosa district of Mendoza Province. Other illicit activities also occur in La Salada. In June 2014, press reported a police raid confiscated a truck carrying cocaine and cocaine base.

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Page 1 of 3

3. (SBU) Local observers claimed management ties with the government have allowed La Salada to flourish, growing to more than 40,000 stalls. Although intermittent, small-scale enforcement actions have been carried out by Argentinian authorities over the past year. These actions have little to no effect in stemming the growth of the trade in illegal goods. Media reported that La Salada's owner Jorge Castillo was part of a business delegation that went twice with former Secretary of Commerce Guillermo Moreno and once with President Cristina Fernandez de Kirchner to Angola in 2012. Castillo and Moreno have been publicly photographed together. Media reported in 2012 that Castillo was looking to expand his La Salada business model to Miami, Florida.

4. (SBU) In response to local businesses' complaints of unfair competition with La Salada's cheap knock-offs and tax evasion, the Buenos Aires Province's tax agency (ARBA) installed a tax office in the Urkupiña branch of La Salada in June 2014. However, it is estimated that only 15 percent of the vendors pay any taxes. La Salada recently launched a companion website (www.mercadolasalada.com), which advertises legal goods in an attempt to improve its legitimacy and reputation.

... and Spawn Little "Saladitas"

5. (SBU) Local observers said the lax law enforcement of La Salada has inspired the growth of mini "la saladitas" scattered around the major cities throughout the country. They share similar features with La Salada in that buyers can purchase legal products alongside counterfeits and, sometimes, stolen goods such as cell phones. Regulation is poor and scarce.

Illegal Street Vending Grows Despite Government Crack-Down

6. (SBU) According to a report by the Argentine Chamber of Commerce, the number of illegal street vendors grew 25 percent during the third quarter of 2014 compared to the previous year. The growth is mainly concentrated in the major cities of Buenos Aires, Mendoza, Santa Fe, and Rosario. Among this group are "manteros," vendors who peddle counterfeit clothing and footwear, optic goods, movies, music, video games, jewelry and watches laid out on canvas sheets along the sidewalks. Shop owners complained that the explosive growth of the sidewalk vendors over the last four years are crowding them out competitively and hindering their clients from being able to walk along the sidewalks in front of the shops; some businesses have closed as a result.

7. (SBU) In response, since last December, the Mayor of Buenos Aires City has ordered several raids on the sidewalk vendors and the Metropolitan police have succeeded in partially dismantling some of the street-side business operations in several commercial neighborhoods in Buenos Aires. The presence of sidewalk vendors, however, continues to grow as they can quickly pick up their canvas sheets of goods at the sight of police and relocate elsewhere and/or return later. The supply of illegal goods are managed by mafia-like organizations, often formed and controlled by ethnic diasporas, who have been able to organize massive demonstrations and protests that often turn violent in response to the city government's crack-down. The Government of Argentina (GOA) has done little to help the city in its fight against the sidewalk vendors. Some local watchdog groups blamed corruption among government officials and the police force in allowing the illicit network to spread. "It's a lie when the government says that they can't stop the sidewalk vendors. They can if they want to," lawyer Diego Dieguez Ontiveros said in the press.

Online Markets

Illegal Streaming Expands, but not from Sweden

8. (SBU) Cuevana.tv is an Argentine website that offers free high-quality movies and television content. It is one of the most visited websites with half a million visits daily. Cuevana.tv operates as a landing page for a BitTorrent application called Cuevana Storm. Cuevana Storm does not store files but connects users directly to one another to share digital content, often without copyright authorization. This method of operation exploits a gray area as the legality of linking to unauthorized copyrighted content is still debatable. Cuevana.tv has since branched out into Cuevana 2 and Cuevana 3, which allow free streaming of movies and TV shows. Various legal actions initiated by the film industry have been filed against Cuevana's operators. However, due to the legality question, none of the cases have significantly progressed.

9. (SBU) On a positive note, Argentina began in June to block access to Swedish peer-to-peer file sharing site, The Pirate Bay, based on copyright infringement. The Argentine Chamber of Producers and Song and Video Writers (CAPIF), an Argentine music industry group, won a legal injunction against the site. As a result, the Argentine National Communications Commission ordered all internet service providers to block the domains and internet protocols operated on by The Pirate Bay. The website, however, is still accessible with a variety of The Pirate Bay proxies.

Conclusion

10. (SBU) Though Argentina has a legal framework that provides copyrights protection, enforcement of the law has been lax or lacking in effectiveness. Post will continue to follow up and report on these issues, and look for opportunities to advocate for better government response and work with private sector partners to strengthen IPR protections.

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From: SMART Archive
 Sent: 9/2/2015 4:13:53 AM
 To: SMART Core
 Subject: Swedish Site for Illegally Streamed Film Closes Down After Police Raid

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REVIEW AUTHORITY: Clarke Ellis,
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MRN: 15 STOCKHOLM 538
 Date/DTG: Sep 02, 2015 / 020810Z SEP 15
 From: AMEMBASSY STOCKHOLM
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 E.O.: 13526
 TAGS: ETRD, KIPR, ECON, PGOV, PREL, SW
 Captions: SENSITIVE
 Reference: 15 STOCKHOLM 100
 Pass Line: COMMERCE FOR ARUN KUMAR AND TED DEAN
 PLEASE PASS TO USPTO
 Subject: Swedish Site for Illegally Streamed Film Closes Down After Police Raid

1. (SBU) Summary. Swefilmer, the largest Swedish site for illegally streamed movies, closed down at the end of July due to pressures placed on the company following a police raid earlier in the summer. The main site operator, Ola Johansson, announced the closure in a YouTube clip. Johansson will now face a criminal court trial, similar to operators of another site whose operation was raided earlier this year. These trials are happening concurrently with civil cases in which rights holders are seeking court rulings ordering internet service providers (ISP's) to block access to copyright infringing sites, and reflect the increased pressure that rights holder organizations are putting on operators of sites in Sweden with illegal streaming and file sharing activities. End summary.

2. (U) In early July the Gothenburg police raided Swefilmer, the largest illegal streaming site for movies in Sweden. The raid came about after the site had been reported to the authorities by the Rights Alliance, a rights-holder organization that includes many of the largest U.S. film producers. The site, which started in February 2011, operated out of Sweden, but also had material on sites located in Russia. A representative of the Rights Alliance said that Swefilmer caused large losses for rights holders, and the operators of the illegal site earned large sums through advertising on the site. (Note: According to a Mediavision study published in May of 2015, each year 290 million films and television episodes are illegally streamed in Sweden.)

3. (U) The dedicated IPR group in the Swedish Police conducted the raid in Gothenburg on July 8, and one of the main operators of the site, Ola Johansson, was arrested in his home and held in custody for three nights. He is now awaiting trial. Specialist prosecutor Fredrik Ingblad is preparing to press charges for copyright infringement and severe money laundering. The prosecutor also persuaded the court to freeze SEK 13 million (USD 1.6 million), money the prosecutor could demonstrate that site operators had earned through ads on the illegal site. Another individual, a 25-year old Turkish citizen, is also being sought by the police in connection with the case. Swefilmer was closed down July 31 following an announcement on YouTube by Johansson, who cited the police

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raid as the main reason. There are now some indications that the site is up again under a slightly altered domain name -- but it is not clear if there are indeed any links to the old Swefilmer site.

4. (U) Earlier this year, the operations of another major site for illegally streamed material, Dreamfilmer, was raided, and as a result remained closed for some time. However, the site moved to another domain and has now resumed operations. This raid also came about as a result of the Rights Alliance reporting the illegal activities to the police. The police investigation is still ongoing, with the prosecutor indicating that the case has been strengthened against four of the five persons implicated in the investigation.

5. (U) In a related civil case, several rights holder organizations have sued ISP Bredbandsbolaget, demanding that the ISP block its customers' access to Pirate Bay and Swefilmer. The case will be heard in November, with an expected ruling before the end of the year. The court case will test Article 8.3 of the Infosoc Directive of 2005, to see if Sweden has implemented the directive properly. If upheld, the Swedish implementing legislation can be used to issue an injunction against the ISP -- demanding that it restrict access to certain implicated sites. If the ISP does not then restrict this access, the rights-holders can work through the courts to have fines imposed on the ISP.

6. (SBU) Comment. The increasing number of court cases regarding illegal streaming of content, paired with a high rate of successful prosecutions against illegal streaming site operators, is paying off in Sweden in terms of cutting off Sweden-based sources of content. Accordingly, rights holder organizations in Sweden speak positively about their chances of keeping up with the operators of illegal sites. Still, on the demand side Sweden's high rate of internet penetration and fast broadband connections facilitate high rates of illegal streaming. Post will continue to engage with government and rights holders on this issue as appropriate, and report on any further developments regarding access to illegally-streamed content on both the supply and demand sides of the equation. End comment.

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From: SMART Archive
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 Subject: Pirates Beware - Law Enforcement and Prosecutors from Romania, Moldova, Bulgaria, and Turkey Focus on Combatting Online Piracy

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MRN: 15 BUCHAREST 1132
 Date/DTG: Dec 03, 2015 / 031337Z DEC 15
 From: AMEMBASSY BUCHAREST
 Action: WASHDC, SECSTATE ROUTINE
 E.O.: 13526
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 Captions: SENSITIVE
 Subject: Pirates Beware - Law Enforcement and Prosecutors from Romania, Moldova, Bulgaria, and Turkey Focus on Combatting Online Piracy

REVIEW AUTHORITY: Clarke Ellis,
Senior Reviewer

1. (SBU) SUMMARY: On November 24 and 25, prosecutors and investigators from Romania, Moldova, Bulgaria, and Turkey participated in a two-day, U.S. Department of Justice (USDOJ)-sponsored training program on combatting online piracy. The program updated participants on legal issues, including data retention legislation, surrounding the investigation and prosecution of online piracy. The Director of the USDOJ Computer Crime and Intellectual Property Section (CCIPS) Cybercrime Laboratory gave in-depth instruction on computer forensics, and other presenters included law enforcement professionals from Sweden and the United States, industry investigators, the Intellectual Property Attaché in Moscow, Russia, and the Intellectual Property Law Enforcement Coordinator (IPLEC). Participants were given copies of forensic tools at the conclusion of the program so that they could put to use some of what they saw demonstrated during the training. The training was made possible through the excellent assistance of several colleagues at the embassies in the participating countries who identified and coordinated the travel for the most suitable participants. End Summary.

Online Piracy has become a very significant problem in Eastern Europe, depriving rights holders and governments of millions of dollars in revenues.

2. (SBU) The IPLEC program, based at Embassy Bucharest recently coordinated a two-day training session on investigating and prosecuting cases of online piracy. The IPLEC program, since January 2015, has been working with law enforcement, prosecutors, and judges throughout Southeastern Europe to promote and improve the enforcement of intellectual property rights in the region. The training was delivered in downtown Bucharest from November 24-25, 2015. Moldova, Bulgaria, and Turkey each sent a delegation of five (total) law enforcement officers and prosecutors to attend the training, and Romania's delegation included approximately two dozen investigators and prosecutors. In addition to IPLEC funds, financial assistance was provided by the U.S. Patent and Trademark Office and the Intellectual Property Attaché in Brussels, Belgium.

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3. (SBU) While precise numbers are by nature elusive, estimates suggest the software, movie, music, book, and gaming industries lose billions of dollars and thousands of jobs in Europe and the United States each year due to piracy of content. The costs of creating and maintaining a pirate site, from which protected content is distributed at little or no cost to consumers, are relatively low. A recent estimate by the Digital Citizens Alliance, based in the United States, suggested that rogue websites hosting pirated material also make nearly \$250 million annually from advertising with the top 30 file-sharing sites generating approximately between \$4 million and \$6 million each. Many of these sites are connected to Eastern European countries either through site developers, operators, and/or hosting companies. Not only are rights holders deprived of legitimate sales, the illicit profits go unreported to tax authorities and are laundered, often for the benefit of organized crime groups. To date law enforcement has been challenged to investigate these sites, because their exact locations can easily be obscured through proxy servers, anonymizers, and use of false registration information that is not subject to verification. Pirate site operators also often choose to locate their operations in countries where enforcement actions against the sites are not taken, are not a priority, or are done by agencies without adequate investigative resources. And often the need for international cooperation makes obtaining evidence difficult and time-consuming, further reducing the likelihood of successful prosecution. Finally, penalties for the few successful prosecutions have not been significant which tips the risk-reward ratio in favor of criminals.

Giving law enforcement information and tools to combat the pirates.

4. (SBU) The IPLEC training included an update on legal issues, including data retention legislation, surrounding the investigation and prosecution of online piracy crimes. Participants were encouraged to consider the use of statutes such as money laundering and tax evasion, in addition to those protecting copyrights and trademarks, since these offenses are often punished more severely than standalone intellectual property crimes. It is estimated that several sites connected to the countries which participated in the training receive in excess of one hundred million unique visits each month and generate millions of dollars in revenues from advertisements. Participants were encouraged to "follow the money" and use asset forfeiture provisions that can deprive criminals of their illicit profits. The training also included a discussion of the importance of international cooperation in investigations and prosecutions and different means by which this cooperation can be accomplished. These means include the 24/7 network under the Budapest Convention on Cybercrime, direct law enforcement relationships (including through Europol, Interpol, and the Southeast European Law Enforcement Center), and the mutual legal assistance (treaty) process.
5. (SBU) The Director of the USDOJ CCIPS Cybercrime Laboratory gave in-depth instruction on computer forensics and demonstrated many free tools that are available to investigate rogue sites and analyze digital evidence seized during investigations. A representative of the music industry also demonstrated several tools that private investigators have used to identify sites, locate servers, and obtain evidence that can then be shared with law enforcement. An investigator from the Swedish national police explained his agency's successful investigation of the Pirate Bay sites and talked about techniques that have led to successful prosecutions there. An investigator with the Romanian national police also explained how prosecutors in Romania have successfully taken several sites offline and seized domain names. Representatives of the movie, music, and software industries helped participants understand how they can rely on the private sector for support in their work. Participants were given the opportunity to use laptops with the forensic tools that were discussed, and copies of USB drives, loaded with free tools and others with temporary licenses, were given to each participant at the conclusion of the training. Many investigators commented that these would likely have immediate, positive impacts on pending investigations and prosecutions.

Comment

6. (SBU) Online piracy has become a significant problem in Romania, Moldova, Turkey, and Bulgaria, partly because law enforcement has not been able to successfully investigate and prosecute a sufficient number of people who have made millions of dollars in unreported income at the cost of billions of dollars, in lost sales and jobs, to creative industries. By focusing approximately forty investigators and

prosecutors from four countries on how they can more effectively attack rogue sites, and by connecting rights holders and their investigators with law enforcement, the chances of pirates being caught and held accountable have increased.

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From: SMART Archive
 Sent: 3/20/2016 9:34:15 AM
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 Subject: Swedish Media Temporarily Shut Down by Cyber Attack

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 Subject: Swedish Media Temporarily Shut Down by Cyber Attack

**REVIEW AUTHORITY: Clarke Ellis,
 Senior Reviewer**

1. (U) In what local media are characterizing as one of the largest cyber attacks that Sweden has experienced, approximately 50 Swedish media websites were temporarily shut down in a Distributed Denial of Service (DDOS) attack, at 8:40 p.m. local time on March 19. Affected sites included all the major Swedish newspapers: Dagens Nyheter, Expressen, Svenska Dagbladet, Aftonbladet, Sydsvenskan, Dagens Industri, and others. Most major websites restored access about an hour after the attack began. Swedish Radio and Swedish TV, both state-owned outlets, were not brought down by the attack.

2. (U) The DDOS attack followed an anonymous threat on Twitter made approximately one hour prior to the DDOS attack, using a newly created account: "@_notI." The tweet stated:

"This is what happens when you spread false propaganda.

Aftonbladet.se #offline

Followed by a separate tweet stating:

The following days attacks against the Swedish government and media spreading false propaganda will be targeted."

3. (SBU) Internet hub manager Netnod reported a dramatic increase in traffic from Russian Internet providers during the attack, but the actual source of the attacks has not been confirmed. The Swedish Security Police (Säpo) issued a report last Thursday that named Russia as a "source of propaganda and misinformation" that targets Sweden.

4. (U) In a written comment to the Swedish news service TT following the attack, Interior Minister Ygeman said: "It is deeply worrying that there are forces that want to silence free speech. It is too early to draw far-reaching conclusions from what happened, but this shows the need to develop Swedish IT security. The police have launched an investigation and government offices are following the situation closely and keeping me and the government updated."

5. (SBU) Estonia publicly offered assistance to Sweden in investigating the cyber-attack. Post reached out to relevant Swedish authorities at multiple levels and offered assistance in the ongoing investigation. This included communication by the Ambassador to National Security Advisor-equivalent Hans Dahlgren and

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Defense Minister Peter Hultqvist. Post will report any further developments septel.

6. (U) Comment: In terms of size, the only comparable DDOS attack against Swedish websites was in October 2012 when news agency TT, commercial banks SEB and Swedbank, Säpo, and multiple other Swedish government sites were disrupted. There was speculation that earlier attack was linked to either Swedish judicial action against Wikileaks founder Julian Assange or legal action against the illegal film streaming website Pirate Bay.

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