

WATCH LIST

ALGERIA

Algeria will be added to the Watch List in 2008. The United States is concerned about the lack of protection in Algeria against unfair commercial use of undisclosed test and other data generated to obtain marketing approval for pharmaceutical products, as well as insufficient coordination between Algeria's health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products. For example, industry has noted concern over Algeria's lack of data protection legislation, Algeria's granting of marketing approval in 2007 to generic copies of drugs protected by Algerian patents, and the lack of effective judicial remedies to enable a right holder to challenge in court the granting of marketing approval for generic pharmaceutical products that infringe Algerian patents. The United States also has concerns about weak enforcement against piracy and counterfeiting in Algeria. The United States will work together with Algeria to address these IPR concerns, including through Algeria's bid for accession to the WTO and the bilateral Trade and Investment Framework Agreement.

BELARUS

Belarus will remain on the Watch List in 2008. The United States remains concerned about Belarus' delayed implementation of its intellectual property commitments under the U.S.-Belarus Trade Agreement. The United States encourages Belarus to strengthen its IPR laws, reduce piracy and counterfeiting levels, and increase its IPR enforcement efforts. Belarus reportedly plans to amend its copyright law in 2008, and the United States will continue to monitor Belarus' progress to ensure that it provides adequate protection for sound recordings and pre-existing works and properly implements the WIPO Internet Treaties, which Belarus ratified in 1998. Belarus' IP laws neither provide *ex officio* authority to allow police officials to initiate criminal copyright cases or for customs officials to seize illegal products at the border, nor provide for civil *ex parte* search procedures necessary to protect against end-user software piracy. The United States will work together with Belarus to strengthen its IPR laws.

BOLIVIA

Bolivia will remain on the Watch List in 2008. Piracy and counterfeiting persist in Bolivia, and there were no notable improvements to Bolivia's IPR regime during 2007. As a WTO member, Bolivia committed to increase its levels of IPR protection substantially. The United States encourages Bolivia to accede to and implement the WIPO Internet Treaties. In addition to rampant piracy and counterfeiting in Bolivia, concerns remain about the erosion of IP protection for pharmaceutical products in Bolivia. The United States encourages Bolivia to improve its IPR protection regime in 2008, as well as increase its IPR enforcement efforts to combat piracy and counterfeiting.

BRAZIL

Brazil will remain on the Watch List in 2008. The United States conducted an Out-of-Cycle Review in 2007, which resulted in Brazil being maintained on the Watch List in February 2008. This decision recognizes Brazil's continued positive momentum on IPR enforcement that led to the decision to improve Brazil's ranking from the Priority Watch List to the Watch List in the 2007 Special 301 review. The United States will continue to pursue bilateral dialogue on IPR

enforcement and other IPR issues. In particular, the United States encourages Brazil to strengthen its IPR enforcement legislation, take more vigorous action to address book and Internet piracy, and consider acceding to and implementing the WIPO Internet Treaties. With regard to patent, trademark, and data protection matters, Brazil's posture of hindering IP protection in these areas remains a matter of concern, although capacity improvements at the Brazilian Industrial Property Institute do hold the prospect of streamlined processing and a reduction in the patent and trademark application backlogs. The United States will continue to engage with Brazil bilaterally on these IPR protection and enforcement issues, including through the U.S.-Brazil Bilateral Consultative Mechanism and other means.

CANADA

Canada will remain on the Watch List, subject to essential progress on key issues in the coming months. Canada embraced improving IPR protection and enforcement as a priority in the Speech from the Throne in October 2007. The United States looks to the Government of Canada to deliver on these priorities through prompt and effective action on key issues, such as copyright reform and enhanced border enforcement of intellectual property rights. The United States welcomes Canada's continued cooperation on bilateral and multilateral IPR initiatives, and notes progress in the form of Canada's issuance of measures in 2007 to criminalize camcording of copyrighted films in movie theaters. The United States notes its continuing serious concerns, however, with Canada's failure to accede to and implement the WIPO Internet Treaties. The United States also continues to urge Canada to improve its IPR enforcement system to enable authorities to take effective action against the trade in counterfeit and pirated products within Canada, as well as curb the volume of infringing products transshipped and transiting through Canada. Canada's weak border measures continue to be a serious concern for IP owners. The United States hopes that Canada will implement legislative changes to provide a stronger border enforcement system by giving its customs officers *ex officio* authority to seize products suspected of being pirated or counterfeit without the need for a court order. The provision of additional resources and training to customs officers and domestic law enforcement personnel would enhance IPR enforcement. The United States will continue to monitor Canada's progress in providing an adequate and effective IPR protection and enforcement regime, including improved border enforcement and near term accession to and implementation of the WIPO Internet Treaties.

CZECH REPUBLIC

The Czech Republic will remain on the Watch List, where it was placed as the result of an Out-of-Cycle Review in January 2008. The United States remains concerned about the significant amount of pirated and counterfeit goods sold in retail markets on the border between the Czech Republic and Germany and Austria, reported by the U.S. recording industry to be "the highest concentration and largest number of pirate outdoor markets in the world." Some of these markets are reportedly located on government-owned property. The United States urges the Czech Republic to implement its IPR Action Plan and to take concrete enforcement actions, including prosecutions and deterrent-level sentencing of IPR infringers to reduce substantially the sale of pirated and counterfeit goods at these border markets. The United States will continue to monitor this situation and work with the Czech Republic to make significant IPR improvements before it assumes the Presidency of the European Union in 2009.

ECUADOR

Ecuador will remain on the Watch List in 2008. Ecuador made some progress in 2007 towards eliminating its backlog of pending patent applications. Overall IPR enforcement in Ecuador remains problematic, however, and Ecuador has not yet established the specialized IPR courts required by its 1998 IPR law. Concerns also remain over Ecuador's lack of effective protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, as well as Ecuador's lack of an effective coordination system between its health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products. The United States urges Ecuador to strengthen its IPR regime and to enhance its IPR enforcement efforts, and will monitor Ecuador's efforts to address these IPR concerns.

EGYPT

Egypt will be moved in 2008 to the Watch List from the Priority Watch List, in recognition of improvements in pharmaceutical IPR protection, notably the Ministry of Health's progress in streamlining applications for marketing approval of pharmaceutical products, Egypt's attention to its backlog of pending patent applications, and the renewed dialogue between the U.S. and Egypt on IPR issues. Serious concerns remain, however, about continuing deficiencies in Egypt's IPR enforcement regime, particularly related to copyright enforcement against book piracy and entertainment software piracy. Egypt needs to improve its court system by increasing its efficiency and transparency, as well as encouraging judges to impose deterrent-level sentences in copyright and trademark infringement cases. The United States is concerned with the transshipment of counterfeit and pirated goods through Egypt, including in the Damietta Port and Port Said Free Trade Zones. The United States urges the Ministry of Health to further clarify its commitment to protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and to continue its efforts to provide coordination between its health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products. The United States will continue to work closely with Egypt on improving its IPR regime.

GREECE

Greece will be added to the Watch List in 2008. IPR enforcement in Greece is weak and uneven, and efforts to improve enforcement generally lack effective coordination. The U.S. copyright industries estimate that Greece has one of the highest levels of piracy in the European Union. The United States recognizes that in 2007, Greece increased cooperation with industry, executed an extensive education and outreach plan, provided IPR training to police and customs officers, and conducted a Christmas season raid/seizure campaign, and recently established a formal interagency coordinating IPR committee. However, the United States urges improvements in IPR enforcement, including sustained implementation of enforcement measures against street vendors, more effective raids and seizures, increased prosecutions, encouragement of judges to impose deterrent-level penalties, strengthened border enforcement, and establishment of a national action plan to combat IPR infringement. The United States will continue to work with Greece, with the goal of improving IPR protection and enforcement.

HUNGARY

Hungary will remain on the Watch List in 2008. Hungary has made some IPR improvements, including the establishment in January 2008 of a National Board Against Counterfeiting. The United States will monitor the progress of Hungary's efforts to combat piracy and counterfeiting. Further improvements are needed to ensure that prosecutors follow through with cases against IP infringers, and that judges are encouraged to impose deterrent-level sentences for civil and criminal IP infringement. U.S. copyright industries also report that Internet piracy in Hungary is a growing problem. The United States will continue to work with the Hungarian Government to address these IPR concerns.

INDONESIA

Indonesia will remain on the Watch List in 2008. Indonesia took some positive steps toward combating piracy and counterfeiting in 2007, including several major raids of optical disc manufacturing plants as well as actions against distributors of counterfeit pharmaceuticals. However, on the whole, there has been little improvement in Indonesia's IPR climate, nor any signs that the government is taking significant steps to address the weaknesses in its system. The United States urges Indonesia to take a comprehensive approach to enforcing IPRs that includes proper application of IPR laws by the courts; effective interagency coordination to ensure that enforcement actions are continuous and sustained; enforcement actions resulting in prosecutions where appropriate; and where there are convictions, the issuance of deterrent penalties. The United States urges Indonesia to improve examination of trademark applications, and to provide an expeditious and effective avenue to challenge questionable registrations. In addition, Indonesia should provide effective protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products and improve coordination between Indonesia's health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products. Also, despite some enforcement actions taken by Indonesia against distributors of counterfeit pharmaceuticals, the U.S. pharmaceutical industry estimates that approximately 25 percent of drugs in Indonesia are counterfeit; this dangerous situation requires greater attention by Indonesia. The United States will continue to use the bilateral Trade and Investment Framework Agreement process to work with Indonesia to improve its IPR protection and enforcement regimes.

ITALY

Italy will remain on the Watch List in 2008. Italy made progress in 2007, including through increased senior-level support for IPR enforcement, and some enforcement actions by the Guardia di Finanza. U.S. copyright industries continue to report, however, that Italy maintains one of the highest overall piracy rates in Western Europe. The United States is particularly concerned about the lack of judicial imposition of deterrent-level penalties for criminal copyright and trademark infringers. The United States urges Italy to make IPR enforcement a top priority, including encouraging judges to impose deterrent-level sentences and establishing a national action plan to address commercial-scale piracy, with a particular focus on Internet piracy. The United States will continue to work with Italy, with the goal of improving IPR protection and enforcement.

JAMAICA

Jamaica will remain on the Watch List in 2008. The United States remains concerned over Jamaica's continued delay in enacting the Patents and Designs Act, which is intended to implement Jamaica's obligations under the TRIPS Agreement and to comply with the United States-Jamaica Bilateral Intellectual Property Agreement. The United States urges the Government of Jamaica to reform its patent law as soon as possible to comply fully with international standards for patent protection.

KUWAIT

Kuwait will remain on the Watch List in 2008. Although Kuwait customs, police, and Ministry of Interior officials continued to make progress on IPR enforcement in 2007, Kuwait failed to make similar progress on amending its outdated IPR laws. The United States remains concerned that several key pieces of IPR legislation have been pending for many years, including legislation regarding copyrights, data protection, geographical indications, trademarks, patents, and customs, and urges Kuwait to enact and implement this legislation in the near term. The United States will continue to work with Kuwait on the passage of this IPR legislation and improved IPR enforcement through the United States-Kuwait Trade and Investment Framework Agreement in order to ensure that Kuwait meets its international IPR commitments.

LEBANON

Lebanon will be moved to the Watch List in 2008 from the Priority Watch List. Lebanon took some IPR enforcement actions in 2007, especially in the form of the Cyber Crime and Intellectual Property Rights Bureau within Lebanon's police department. The United States remains concerned, however, about copyright piracy in Lebanon, particularly in the sectors of cable and book piracy. The United States is also concerned about inadequate protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, as well as a growing problem with counterfeit pharmaceutical products in Lebanon. The United States urges Lebanon to improve IPR protection and enforcement in the coming year, particularly in light of Lebanon's bid for accession to the WTO.

MALAYSIA

Malaysia will remain on the Watch List in 2008. Malaysia continued to show a strong commitment to strengthening IPR protection and enforcement this past year, but still needs to make further IPR improvements. In 2007, Malaysia continued to take positive actions against piracy and counterfeiting. Notably, the Malaysian Government established a specialized IP court, which began to adjudicate IPR cases in 2007. The United States urges Malaysia to continue its IPR enforcement efforts and to accede to and fully implement the WIPO Internet Treaties. The United States also encourages Malaysia to provide effective protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and create a coordination mechanism between its health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products. The United States will continue to work with Malaysia to make progress on these pressing IPR issues through the ongoing U.S.-Malaysia Free Trade Agreement negotiations.

MEXICO

Mexico will remain on the Watch List in 2008. Overall IPR enforcement efforts remained weak in Mexico in 2007, although there were notable improvements during the year in the State of Mexico and the Municipality of Toluca. The United States encourages Mexico to take the following actions to strengthen its IPR regime: continue to build a consistent record of aggressive prosecutions and deterrent-level penalties imposed by courts; improve domestic cooperation efforts between federal, state, and local enforcement authorities; increase IPR enforcement efforts by customs authorities; pass legislation to provide *ex officio* authority to law enforcement and customs authorities; criminalize camcording in theaters; and implement fully the WIPO Internet Treaties. The United States also encourages Mexico to provide adequate protection against unfair commercial use for test or other data generated to obtain marketing approval for pharmaceutical products, and improve coordination between its health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products. Counterfeit pharmaceuticals also appear to be a growing problem in Mexico. The United States will continue to work with Mexico to address and resolve these IPR concerns in an effective manner.

NORWAY

Norway will be added to the Watch List in 2008. The United States is concerned about the lack of product patent protection for certain pharmaceutical products. The regulatory framework in Norway regarding process patents filed prior to 1992 denies adequate protection to nearly 75 percent of the pharmaceutical products currently on the Norwegian market, according to U.S. industry reports. The United States will continue to encourage Norway to resolve this issue.

PHILIPPINES

The Philippines will remain on the Watch List in 2008. The United States is concerned about U.S. industry reports of an apparent increase in piracy in the Philippines, particularly in the areas of book piracy, illegal downloads using mobile devices, piracy on the Internet, and the illegal camcording of films in theaters. The United States urges the Philippines to take steps to reverse these trends and strengthen its enforcement regime against piracy and counterfeiting. Specifically, the Philippines should pursue final determinations in outstanding IPR cases, including those related to cable piracy, with imposition and implementation of deterrent-level penalties. The Philippines also should strengthen the Optical Media Board and provide it with adequate resources to expand and improve the effectiveness of its activities; strengthen the Customs IP unit; ensure that its patent regime complies with the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights; enforce copyright protection of printed material; and seek to obtain amendments to the Copyright Act to implement the WIPO Internet treaties. The United States will continue to work with the Philippine Government under the bilateral Trade and Investment Framework Agreement to strengthen the Philippines IPR regime.

POLAND

Poland will remain on the Watch List in 2008. Poland made some IPR improvements in 2007, including the closure of the Warsaw Stadium that was notorious for selling counterfeit and pirated goods, amendments to its IP laws to strengthen criminal penalties, and closer cooperation between law enforcement authorities and the private sector. Numerous IPR concerns remain,

however, such as increasing Internet piracy, trade in pirated goods at markets on Poland's border with Germany, weak border enforcement, inefficient prosecutions, and lack of deterrent-level sentences imposed by courts. The United States is also concerned by Poland's lack of coordination between its health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products, as well as a reported lack of adequate enforcement remedies when generic pharmaceutical products are launched during the term of an innovator's patent. The United States encourages Poland to commit its resources and attention to addressing these IPR protection and enforcement issues over the next year.

ROMANIA

Romania will remain on the Watch List in 2008. Though there was a decrease in pirated optical discs sold by street vendors, Internet piracy grew significantly in 2007. Prosecutors in Romania often fail to pursue IPR cases and judges often dismiss IPR cases due to a perceived "lack of social harm." The United States urges Romania to encourage its prosecutors to vigorously prosecute IPR cases and its judges to impose deterrent-level sentences against IPR infringers, and to remove delays and obstacles in criminal investigations. The United States will work with Romania to improve its IPR enforcement efforts.

SAUDI ARABIA

Saudi Arabia will remain on the Watch List in 2008. The United States has been working closely with Saudi Arabia on IPR issues during 2007. Saudi Arabia has made some progress in IPR enforcement, including an increased number of IPR raids and the reported disposition of numerous cases by the copyright enforcement Violations Review Committee. The United States recognizes that Saudi Arabia is pursuing IPR improvements, especially with regard to increasing transparency of its copyright enforcement administrative processes within the Ministry of Culture and Information and the Violations Review Committee. The United States welcomes preliminary reports in late April that the long-awaited Ministry of Culture and Information website became operational, and we expect that transparency will increase as more information is added to this website. Saudi Arabia also has reportedly increased its cooperation with private right holders. Saudi Arabia needs to make further IPR improvements by continuing sustained raids and inspections to combat piracy and counterfeiting; encouraging courts to impose deterrent-level sentences, including jail sentences for serious offenses against IPR infringers; and improving border enforcement. The United States welcomes Saudi Arabia's agreement to establish a United States – Saudi Arabia IPR Working Group, and will work closely with Saudi Arabia to address the outstanding IPR issues during the coming year through this IPR Working Group and the Trade and Investment Framework Agreement.

SPAIN

Spain will be added to the Watch List in 2008. The United States is concerned by the Spanish government's inadequate efforts to address the growing problem of Internet piracy, described by U.S. copyright industries as one of the worst in Europe. There is also a widespread misperception in Spain that peer-to-peer file sharing is legal. While Spanish law enforcement authorities have taken some positive measures against pirate Internet websites, prosecutors have failed to pursue IPR cases, judges have failed to impose deterrent-level sentences against IPR infringers, and right holders do not have access to important legal tools needed to bring

meaningful civil infringement suits. The United States will continue to work closely with Spain to address these IPR enforcement issues during the next year.

TAIWAN

An Out-of-Cycle Review will be initiated in the immediate future and completed this summer to monitor progress on selected outstanding issues to consider whether Taiwan should be removed from the Watch List. Progress by Taiwan on improving its IPR regime this past year includes the June passage by the Legislative Yuan (LY) of a new law aimed at ending illegal file-sharing over peer-to-peer (P2P) platforms, which enabled officials to shut down some of the worst violators; continued efforts to establish an IP section at the Special Prosecutor's Office; and creation and issuance in October 2007 of the Action Plan for Protecting IP Rights on School Campuses. The United States urges Taiwan to make the specialized IPR Court operational as soon as possible. The United States urges Taiwan to continue to implement the 2007 Campus Action Plan, continue its efforts to combat counterfeiting and Internet piracy, and to work closely with the LY to pass pending IPR legislation regarding liability of Internet service providers for copyright infringements. The United States asks that Taiwan continue to take effective action against piracy on the Internet, especially on TANet, the Internet service provider administered by Taiwan's Ministry of Education, and against the unauthorized use of copyrighted material on or near universities.

TAJIKISTAN

Tajikistan will remain on the Watch List in 2008. Tajikistan made progress passing IPR legislation this past year. The United States remains concerned, however, that Tajikistan has not yet fulfilled its IPR obligations under the U.S.-Tajikistan Bilateral Agreement, and encourages Tajikistan to take the necessary steps to fully implement the TRIPS Agreement as part of its ongoing efforts to join the WTO. In addition, Tajikistan continues to have a weak enforcement regime that lacks criminal penalties for IPR violations, *ex officio* authority to commence criminal cases, and civil *ex parte* search procedures necessary for effective enforcement against end-user pirates, among other important enforcement measures. The Tajik Customs Code also fails to provide customs officials with *ex officio* authority to suspend the release of suspected infringing materials at the border. Legal reforms are also needed, for example, in Tajikistan's copyright law, which does not provide protection for sound recordings or pre-existing works. The United States also encourages Tajikistan to accede to and implement the WIPO Internet Treaties. The United States will continue to work with Tajikistan through the Trade and Investment Framework Agreement and the ongoing WTO accession negotiations to address deficiencies in its IPR laws and strengthen IPR protection and enforcement.

TURKEY

Turkey will be lowered to the Watch List in 2008, due to notable progress on copyright enforcement, including an increased number of raids against copyright pirates and seizures of pirated goods, impositions of deterrent-level penalties by the courts, improved pharmaceutical protection, and increased cooperation between law enforcement authorities and the private sector. U.S. copyright industries note that Turkey's enforcement actions are "beginning to reap benefits in the market in terms of decreased piracy." The United States encourages Turkey to build upon this positive momentum, including addressing end-user software piracy more vigorously. The United States also encourages Turkey to consider strengthening its protection

against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, particularly with respect to the start date of the period of protection and the inappropriate linkage of the term of data protection to the remaining term of the patent, as well as ensuring coordination between Turkey's health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products. The United States hopes to see Turkey's continued progress on these issues during the coming year, and will continue to monitor Turkey's progress in strengthening its IPR regime.

TURKMENISTAN

Turkmenistan will remain on the Watch List in 2008. The United States remains concerned about Turkmenistan's lack of progress on IPR issues and its lack of fulfillment of its IPR obligations under the United States-Turkmenistan Trade Agreement. For example, Turkmenistan has neither acceded to nor implemented the Berne Convention for the Protection of Artistic and Literary Works (Berne Convention), the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms (Geneva Phonograms Convention), or the WIPO Internet Treaties. Turkmenistan does not have a copyright law and does not provide clear criminal procedures or penalties for IPR infringement as required by the U.S.-Turkmenistan Trade Agreement. Its Customs Code does not provide *ex officio* authority to seize suspected infringing material at the border, and there are no known civil *ex parte* search procedures. The United States urges Turkmenistan to adopt the legal reforms that will bring Turkmenistan into compliance with its obligations under the bilateral United States-Turkmenistan Trade Agreement and to undertake enforcement activities that will help to strengthen its IPR regime.

UKRAINE

Ukraine will be lowered to the Watch List in 2008. Ukraine made significant progress in 2006 and 2007 by passing IP legislation and regulations as part of its bid for accession to the WTO (the WTO approved Ukraine's terms of accession in February 2008, and the deadline for parliamentary approval of the accession is July 4, 2008). Since adopting amendments to its optical disc law in 2005, Ukraine has continued to enforce against pirate optical disc manufacturing, and no evidence of pirate manufacturing has been detected in several years. The Government of Ukraine has continued to participate regularly in an Enforcement Cooperation Group with the U.S. Embassy in Ukraine and U.S. industry representatives. Despite these improvements, however, Ukraine needs to address numerous important IP issues, including full implementation of its new IP legislation; continuation of enforcement actions against optical disc factories; stronger border enforcement to address transshipment of illegal optical media produced in Russia and elsewhere; continued raids and arrests of IPR infringers, as well as follow through with vigorous prosecutions and imposition of deterrent-level sentences by courts; concrete actions to combat the growing problem of Internet piracy in Ukraine; ensuring that government ministries use only legal software; and curbing the production and distribution of pirated and counterfeit products throughout Ukraine, including in notorious markets in Ukraine. The United States will monitor Ukraine's implementation of its 2006 Law on Medicines that provides protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products to ensure that it fulfills its WTO obligations. The United States recognizes Ukraine's improvements in 2006 and 2007 in IPR protection, while also recognizing that significant efforts need to be made to achieve further progress on IPR

protection and enforcement. The United States will continue to work with Ukraine to ensure sustained progress on these IPR issues in a number of fora, including a new Trade and Investment Cooperation Agreement, the IPR Enforcement Cooperation Group, and the WTO.

UZBEKISTAN

Uzbekistan will remain on the Watch List in 2008. The United States remains concerned about Uzbekistan's lack of progress on IPR issues. Although Uzbekistan passed a revised copyright law in 2006 and recently has started to close down shops that sell pirated products, numerous IPR deficiencies remain. Uzbekistan has acceded to the Berne Convention, but the United States notes its concern with Uzbekistan's continuing reservation to Article 18 of the Convention, which requires that signatory countries provide copyright protection to pre-existing works. Uzbekistan does not provide protection for sound recordings or pre-existing works, and has not acceded to the Geneva Phonograms Convention or the WIPO Internet Treaties. In addition, IPR enforcement in Uzbekistan remains weak due to a lack of *ex officio* authority that would allow customs officials to seize infringing goods at the border, a lack of civil *ex parte* search procedures, and inadequate criminal penalties for IPR violations. The United States urges Uzbekistan to address these deficiencies in its IPR legal regime and to take immediate and effective measures to improve IPR enforcement. The United States will continue to work together with Uzbekistan on these outstanding IPR issues through discussions related to Uzbekistan's bid for WTO accession and in the on-going review of Uzbekistan's status as a beneficiary country under the U.S. Generalized System of Preferences (GSP) Program.

VIETNAM

Vietnam will remain on the Watch List in 2008. Vietnam made progress in 2007 by continuing to build its legal framework for IP protection, strengthening enforcement capacity, and improving interagency coordination. Vietnamese agencies have taken steps to increase enforcement efforts including initiatives to improve IP coordination between enforcement ministries, signing an agreement for government procurement of legal software, taking actions against cable piracy, and raising public awareness of IPR. Nevertheless, significant weaknesses remain, particularly with respect to its criminal regime, administrative regime, and its border enforcement regime. In addition, there is a lack of enforcement against Internet piracy and optical media containing unauthorized content. Vietnam has indicated it is taking steps to put in place more deterrent fines and penalties for copyright infringement and is in the early stages of drafting legislation to control optical media. However, concern is rising among right holders that Vietnam's IP enforcement system has not yet developed sufficiently to control the rapid growth of piracy and counterfeiting despite the substantial legislative work completed over the past several years. The United States has strongly urged Vietnam to address weaknesses in its criminal law relating to trademark infringement and copyright piracy. The United States will continue to work closely with Vietnamese authorities to strengthen capacity on IPR and to support Vietnam's efforts to implement fully its WTO TRIPS commitments.

WATCH LIST – RECENTLY COMPLETED FREE TRADE AGREEMENTS

COLOMBIA

Colombia will remain on the Watch List in 2008. The United States commends Colombia for its continued actions to combat IPR violations through launching public awareness campaigns, conducting raids, prosecuting IP infringers, and designating special IP judges. The United States remains concerned, however, that further IPR improvements are needed, including efficient prosecutions of IP infringers, issuance of deterrent-level criminal sentences by courts, and stronger IPR border enforcement. The United States will continue to monitor Colombia's compliance with its bilateral and multilateral obligations to protect against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and encourages Colombia to develop procedures and remedies to prevent the issuance of marketing approvals for patent-infringing pharmaceutical products. The United States will work with Colombia to achieve progress on these pressing IPR issues through the implementation of its IPR commitments under the United States – Colombia Trade Promotion Agreement (CTPA), in which Colombia has committed to implement high standards of IPR protection through its legal structures and enforcement practices.

COSTA RICA

Costa Rica will remain on the Watch List in 2008. The United States remains concerned about weak IPR enforcement in Costa Rica, particularly with respect to copyright piracy and trademark counterfeiting. The United States encourages the Government of Costa Rica to address the shortcomings in its IPR enforcement system by assigning high priority and resources to combating piracy and counterfeiting and providing deterrent penalties. Additional IPR areas of concern include inadequate protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and inadequate protection for patents, copyrights, and trademarks. Costa Rica ratified the United States – Central America – Dominican Republic Free Trade Agreement (CAFTA–DR) in October 2007. The United States will continue to work closely with Costa Rica to ensure implementation of its IPR commitments under CAFTA–DR in the near term.

DOMINICAN REPUBLIC

The Dominican Republic will remain on the Watch List in 2008. The Dominican Republic passed IPR laws in 2006 and 2007 to implement its commitments under CAFTA–DR. These legislative reforms have enhanced the Dominican Republic's protections for patents, copyrights, and trademarks, as well as strengthened its IPR enforcement regime. The United States will continue to monitor the Dominican Republic's compliance with its bilateral and multilateral obligations to protect against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and encourages the Dominican Republic to provide coordination between its health and patent authorities to prevent the issuance of marketing approvals for unauthorized copies of patented pharmaceutical products. The United States encourages the Dominican Republic to enforce its new IPR laws and hopes to see a resulting decline in the high levels of piracy and counterfeiting in the Dominican Republic.

GUATEMALA

Guatemala will remain on the Watch List in 2008. Through the implementation of Guatemala's IPR obligations under the CAFTA-DR, Guatemala's laws provide for stronger IPR protection and enforcement. Nevertheless, IPR enforcement remains a problem. The United States notes that Guatemala's new administration has expressed support for improving IPR protection and enforcement. The United States will continue to monitor Guatemala's compliance with its IPR obligations under CAFTA-DR.

PERU

Peru will remain on the Watch List in 2008. The United States remains concerned with the IPR situation in Peru. The U.S. copyright industries report that piracy levels remain high. The United States encourages the Government of Peru to continue its efforts to combat IPR piracy by: conducting more raids and seizures; ensuring that arrests of IPR infringers result in convictions and the imposition of deterrent-level sentences that include imprisonment; applying effective civil remedies; and giving increasing attention to IPR enforcement measures at its borders. Additional IPR areas of concern include inadequate protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and inadequate protection for patents, copyrights, and trademarks. The United States will work closely with Peru to ensure implementation of Peru's IPR commitments under the United States – Peru Trade Promotion Agreement (PTPA), in which Peru has committed to implement high standards of IPR protection through its legal structures and enforcement practices. The United States urges Peru to strengthen IPR protection and enforcement to ensure that it will meet its international and PTPA commitments.

REPUBLIC OF KOREA

The Republic of Korea (Korea) will remain on the Watch List in 2008. The United States welcomes the strong and far-reaching IPR commitments that Korea agreed to undertake under the U.S. – Korea Free Trade Agreement (KORUS FTA) concluded in 2007. In the areas of patents, trademarks, copyrights, protection against unfair commercial use of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products, and enforcement, Korea has agreed to strengthen considerably its IPR protection and enforcement regimes. The United States believes that adherence to these commitments will lead to a significant improvement in IPR protection as well as a reduction in piracy and counterfeiting in the Korean market. The United States will continue to work closely with Korea as it implements its IPR commitments in the KORUS FTA.