MOVIES

Inside Mexico's bootleg market

By Reed Johnson, Times Staff Writer

MEXICO CITY — Like any good businessman, Ricardo Jimenez stands behind what he sells. That's one reason he and thousands of Mexicans like him are giving Hollywood fits.

A few days ago, the 26-year-old vendor was hawking pirated DVDs at his usual spot, just outside the entrance to the Piñon Suarez subway station near this frenetic capital's historic center. His wares were piled helter-skelter on a long, umbrella-shaded table, everything from the kid-friendly "La Era de Hielo 2" ("Ice Age 2") to the adults-only porn epic "Cleopatra III."

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Cheap goods

Jimenez's sales shtick won't shock anyone familiar with this country's booming black market for pirated CDs, video games, designer couture, perfumes, electronics and practically anything else you could name. But operations like his apparently caused some surprise north of the border last week, when the Motion Picture Assn. of America, the trade group that represents the seven largest U.S. movie studios, released a comprehensive new study of global motion picture piracy, billed as the first of its kind.

One of the report's revelations was that the leading foreign market for pirated U.S. movies isn't China or Russia — the usual suspects — but America's neighbor to the south. According to the report, sales of pirated movies in Mexico accounted for an estimated $483 million in lost revenues to Hollywood in 2005. Britain was second among foreign countries, with $406 million in losses, followed by France ($322 million) and Russia ($266 million).

Every day, thousands of bootlegged and pirated DVD titles are sold here in broad daylight at scores of makeshift wooden stalls lashed together with rope. Many of them sit only a few blocks from the mayor's office and the building where the national legislature meets to decide the law of the land. Not infrequently, illegal copies of highly anticipated movies that already have opened in foreign markets, such as "The Passion of the Christ," will hit the streets here days or even weeks before their Mexican theatrical release.

Instead of the familiar black plastic boxes, many pirated DVDs come packed in flimsy paper covers, hand-sealed in see-through plastic wrappers. Cover art tends to be erratic too. A casual survey of pirate stalls last week indicated that "Bajos Instintos 2" ("Basic Instinct 2") was a big mover, but some copies sported a makeshift photo of a skinny blond who was not the movie's femme fatale star, Sharon Stone.

News of the MPAA report has been received with mixed sentiments in Mexico, reflecting some of the country's complex attitudes in dealing with its NAFTA partner. Julio Martinez, 30, owner of 4-year-old Videodromo, which rents movies in the trendy Condesa neighborhood, wasn't surprised by the new findings.

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According to the report, major Hollywood studios' losses to piracy in 2005 totaled $6.1 billion, much more than previously estimated, with $1.3 billion of that occurring in the United States and the rest internationally.

Thousands of pirated DVDs are sold there every day, but with wages low, few feel regret.

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The MPAA said the new study was based on consumer demand as opposed to previous assessments, which calculated losses based on pirated DVDs and videos seized by legal authorities. The new study contained not only estimates of losses from piracy of hard goods, but also losses from Internet piracy.

The study was conducted in 22 countries over 18 months by LEK Consulting, a high-powered advisory firm with offices around the world.

"We are calling on governments internationally to continue to work with us in limiting the impact of piracy on local economies and the film industry," Dan Glickman, the MPAA's chairman and chief executive, said in a prepared statement. "Movies are a valuable product and intellectual property must be respected."

The MPAA has its work cut out for it here. Even some in the Mexican film industry argue that poor Mexicans can't be expected to hew to the same standards on intellectual property as middle-class Americans, given the vast economic disparity between the two societies. "There's not an awareness in the people that they're committing a crime" when they buy pirated movies, said Horacio Rivera Rangel, co-director of the forthcoming comic feature "Los Pajarracos." "It's something routine."

As a filmmaker, Rivera said, he'd obviously prefer that people buy tickets and see his films in a theater. But he believes that his movies can gain wider distribution and word of mouth through piracy, which may spur others to see them in a legitimate venue.

Partly because of the pressure exerted by the MPAA and the U.S. government, Mexican authorities have conducted several high-profile raids against pirate movie manufacturers and laboratories in a number of cities.

And the Cámara Nacional de la Industria Cinematográfica, a trade group that promotes the film industry, has mounted a propaganda campaign against movie piracy, including commercials in which a father brags to his son that he has been so ingenious as to procure a coveted movie on the cheap — only to have the son reply that he, too, has cleverly procured a copy of his classmate's homework. "What are you teaching your children?" the ads intone.

But enforcing anti-piracy laws is difficult and expensive, says Víctor Ugalde, executive secretary of a group that promotes investment in Mexican film production. Ugalde disputed the idea that Mexican consumers of pirated and bootlegged movies don't know they're doing something wrong. But he suggested that if the Hollywood studios want to reduce piracy they should lower the cost of movie tickets and DVDs in countries that have large numbers of poor people.

"There is an option if North American [U.S.] companies lower their profit margin, which is very high," Ugalde said. This would result in increased sales, allowing the Hollywood studios to "gain the same, or more."

Unthinkable as that might sound to the heads of Time Warner Inc. or the Walt Disney Co., it might be easier than trying to shut down the vast and notorious Tepito market on the north side of the capital, a virtual mecca of hot merchandise that is run by organized crime networks and is so dangerous that many police refuse to enter there.

In Tepito you can get anything you want, from obscure Fassbinder films to Oscar screening copies of "Brokeback Mountain" and "Capote," said Julio Martínez, the video store owner. Although such pirate operators hurt his business, Martínez understands that they may be here to stay. "Tepito exists because of the necessity of the people," he said.

But let the Mexican bootleg buyer beware. Last week, at least one vendor here was hawking supposed copies of "The Da Vinci Code," the much anticipated adaptation of the Dan Brown novel, which won't be released until next week. The DVD turned out to be not the Tom Hanks movie, but a documentary about Leonardo da Vinci.