

Go to a Section

Quotes:

Search:



[NYTimes.com](#) > [Business](#) > [Media & Advertising](#)

## Helped by Technology, Piracy of DVD's Runs Rampant in China

By CHRIS BUCKLEY

**G**UANGZHOU, China — Even before "The Matrix Reloaded" opened in China's cinemas in July, Liu Ying watched it twice.

Like many Chinese fans of the popular "Matrix" science-fiction franchise — the latest is called "Hacker Empire" in Chinese — Mr. Liu watched the movie in his home, on an unauthorized or "pirate" DVD copy.

The DVD appeared soon after the film's American release earlier this year.

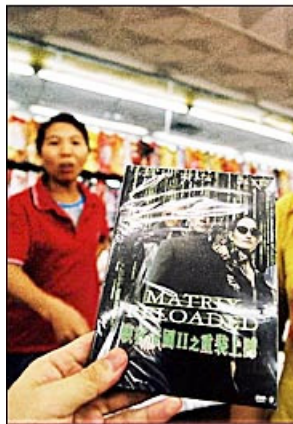
"It wasn't the best copy," he said, "but I've been hanging out for the Matrix sequel. I also figured if I watched it first, it would make more sense when I saw it in a cinema."

Mr. Liu, a 23-year-old salesman from this southern Chinese city, is one of millions of Chinese consumers whose appetite for cheap pirated films, music and software is vast and mostly uninhibited.

China's galloping market economy has long run rough and ready over copyrights. But industry executives and analysts say that in recent years piracy has become even more rampant, aided by the spread of the Internet, and computer technology that allow technology-savvy bootleggers to outrun the government's periodic crackdowns.

A pirate DVD store above a restaurant in downtown Guangzhou makes the extent of such activity abundantly clear. The store, which can be entered only after a telephone call to the proprietor, is two air-conditioned rooms with stacks of thousands of pirated movies.

Besides recent Hollywood blockbusters like "The Matrix Reloaded" and the latest installment of "Harry Potter,"



The New York Times

Posters advertised the opening in theaters of the film "The Matrix Reloaded" in Guangzhou, China, just around the time that pirated DVD copies found eager buyers at pirate stores in the city.

### ARTICLE TOOLS

- [E-Mail This Article](#)
- [Printer-Friendly Format](#)
- [Most E-Mailed Articles](#)
- [Reprints & Permissions](#)

ARTICLE TOOLS SPONSORED BY



### READERS' OPINIONS

- [Forum: Join a Discussion on Technology in the News](#)
- [Forum: Join a Discussion on The Media Business](#)

Advertisement

Get Weekly Updates with ...

## DriveTimes

A car-lover's weekly compendium of car reviews and auto industry news.

The New York Times  
nytimes.com

SIGN UP NOW!

NYT Store



Circuits: How Electronic Things Work  
**Price: \$29.95.**  
[Learn](#)

[More.](#)

Real Estate

there are 1960's French new wave classics, Japanese and Korean romances and gangster films, and gruesome horror and cult films, including "Henry: Portrait of a Serial Killer." The discs sell for \$1 to \$3 each, depending on the quality of the copying technology used.

The customers, most of them college age, pore over titles and line up at the counter with several films to watch over the weekend. Throughout China's cities and towns, mom-and-pop pirate stores like this one serve a vast and growing market. China has about 20 million DVD players, and by the end of 2006 the number will grow to 42 million, according to David Scott, an analyst with the magazine Screen Digest.

China also has 74 million of an earlier generation of disc players that use a less sophisticated form of encoding, a format called VCD.

While some authorized copies of DVD's are available, the Motion Picture Association of America estimates that last year more than 90 percent of the DVD's sold in China were illegal copies.

One reason for the ubiquity of pirated films (and music) is price. Typically, pirated discs sell for a fraction of the price of legitimate discs, while the range of choice among the bootleg versions is much larger.

A regular customer in the pirate stores, Fu Jun, a 24-year-old accountant with a taste for science-fiction films, explained that for him and many young Chinese, attending a cinema is a rarer, more expensive experience than buying pirated films and watching them at home with friends.

While a DVD player can be bought for less than \$50 and a pirated DVD sells for about a dollar, a trip to the cinema can cost \$4 to \$10, he said, adding that the difference means a lot to young people earning only a few hundred dollars a month. "I guess we should consider the legal aspects of piracy," he said, "but students don't have the money."

Buyers of pirated products are almost never punished. The manufacturers and wholesalers of the products can face stringent prison sentences, although this is extremely rare. Small-time sellers can face fines of up to hundreds of dollars. But confiscation is the most common punishment.

American film companies once hoped that the shift from VCD technology to the more heavily encrypted DVD would stem piracy. But bootleggers in China and elsewhere cracked the new technology, and the spread of video technology seemed to make unauthorized copying easier than ever.

"Today's pirates have evolved from backroom operations into technology-driven criminal syndicates organized into business units," said Marta Grutka, a spokeswoman for the Motion Picture Association of America, which has pressed the Chinese government to act more forcefully against piracy. The syndicates, she said, often steal advance copies of films, or sneak camcorders into advance screenings.

The syndicates find a ready audience in the emerging generation of Chinese who are relatively affluent, technologically sophisticated and hungry for fresh cultural experiences.

#### TIMES NEWS TRACKER

Topics Alerts


[China](#)

[Computers and the Internet](#)

[Motion Pictures](#)

[Copyrights](#)

› Create Your Own Alerts : › Manage Alerts  
› Most Popular Alerts : › Take a Tour

[CLICK HERE TO SUBSCRIBE](#) 

#### [Sign up for E-Mail Alerts!](#)

Receive the latest property listings in your inbox...

#### [Sell or Rent Your Home](#)

Post a property listing on NYTimes.com...

#### [Find a Mover](#)

Get instant quotes for full-service, self-service and last-minute moves...

#### [Get Mortgage Quotes](#)

Get instant mortgage quotes and calculate payments...

Shen Sheng, for example, started his heavily visited Web site, Shooter.com, three years ago as a way of communicating with other Internet-fluent film fans. It began as a site for swapping information about DVD technology and Web broadcasting, he said, but grew into a site where Chinese fans of foreign films can swap subtitles and software for copying films from the Internet.

Now Web sites like his have become hubs for thousands of Chinese film enthusiasts who offer free subtitles and free advice about downloading and copying films.

"Most of my visitors are people on broadband connections who love films; they're mostly into mainstream American films," he said in a telephone interview from his home in Shanghai. "I want to encourage people to freely swap the subtitles they've done themselves."

The abundance of pirated films here has also spawned a subculture of Chinese Internet sites devoted to discussing the latest releases.

"I often go on the Web to see what's new," said Cherry Ma, a Guangzhou college student who would be identified only by her English name. "You can check out on specialized sites what's out, what the subtitles are like, the packaging." She added that she had not been to a cinema this year.

She and several other devotees of the film Web sites said that the variety of DVD films available in legitimate versions was far more limited than in pirated versions.

"There's growing interest in art films, not just big Hollywood films, especially among educated youth," said Wang He, also a student at a Guangzhou college. "But you just can't buy legitimate copies; there's only pirated versions to turn to."

Much of the work of providing Chinese subtitles is done by college students in Guangzhou and elsewhere, who are grateful for a few extra dollars. Cherry Ma said she had done subtitling for a couple of years.

The pirate manufacturers often pushed for quick results, she said. "When time is tight, you just cover the basics and fill in the gaps," she said, "and if it's full of slang you just have to guess and hope it makes sense. A lot of pirate films have problems like that, because they're done in such a rush."

She often took the work home, receiving about \$12 for a film, though more experienced translators received up to \$30. Films can earn student translators a few dozen to a couple of hundred dollars, depending on the subject matter and on whether they have a script to work from or must work solely from a video copy.

Once the subtitles are complete, the discs are then churned out in the millions in plants hidden in manufacturing cities in southern China, like Dongguan and Shantou. And then a vast web of street hawkers and small shops sells them in virtually every corner of China.

The quality of pirated copies can vary enormously from the shaky, muffled "grab versions" shot with camcorders sneaked into cinemas to crystal clear digital copies made from legitimate DVD's.

Ms. Grutka of the Motion Picture Association estimated that last year film piracy in the

Asia-Pacific region cost filmmakers \$640 million in foregone sales, with China the top violator, accounting for \$168 million of that. (The International Federation of the Phonographic Industry recently estimated that more than 90 percent of all music CD's sold in China last year were pirated copies, costing the business \$530 million in sales.)

Officials for the Guangzhou city and Guangdong province cultural bureaus, which are in charge of preventing piracy, declined to comment on the issue. But in recent years, China has sought to rein in piracy. Shanwei in Guangdong province — a center of pirate production — recently was the scene of a ceremonial destruction of 26 million film and music discs. Last year, Chinese authorities say, they seized 14 million pirate VCD's and 6.1 million illegal DVD discs.

But the momentum still seems strongly in favor of China's pirates. Days after the premier of the latest "Terminator" film in the United States, for example, pirate copies were on sale throughout the country.



Wake up to the world with home delivery of The New York Times newspaper.

[Click Here for 50% off](#)

#### RELATED ARTICLES

- [Uneasiness About Security As Government Buys Software](#) (July 7, 2003) **\$**
- [Four Chinese Given Long Prison Terms for Discussing Politics](#) (May 30, 2003) **\$**
- [World Briefing | Asia: China: Internet Operator Sentenced](#) (May 20, 2003)
- [AFTEREFFECTS: DETAINEES: Suspect Charged With Plotting To Fight U.S. in Afghanistan](#) (April 29, 2003) **\$**
- [THE SARS EPIDEMIC: ECONOMY: Outbreak of Disease Brings Big Drop-Off In China's Economy](#) (April 28, 2003)

Find more results for [China](#) and [Computers and the Internet](#) .

#### TOP BUSINESS ARTICLES

- [Stocks as Optimism Grows About Economy](#)
- [Push to Rule Summer TV Falls Short for Networks](#)
- [The Bits Are Willing, but the Batteries Are Weak](#)
- [Advertising: For Agencies, the Blackout Was Well Timed](#)
- [The Chairman of SK Global Resigns Under Pressure](#)

#### Advertiser Links

[\\$7 Trades at Scottrade](#)

[Free Portfolio Builder demo from OppenheimerFunds](#)

[Click here to get your FREE 2003 Stock Market Outlook!](#)