What are the causes and consequences of piracy in Malaysia?

In the beginning of the third millennium, the American film industry had lost a total sum of 360 million dollars in Malaysia as a result of piracy (Lim and Abdullah, 2004). According to the online database of black market activities, the Malaysian black market is said to be valued at $2.64 billion (£1.68 billion) with film piracy valuing at $36 million (£23 million) (Havoscope, 2008). Why is this? In this essay, we will analyze piracy in Malaysia in relation to the goals of being a film distributor, in which the distributor’s main task is to provide consumers with the best product in the fastest time in order to make a profit and ensure the financial status quo of the developing industry. However, abiding to certain rules and regulations set by the government while combating piracy will be no easy task. So why is piracy such a potent opponent vis-à-vis Malaysian film distributors?

While the economic status quo between a country like Malaysia and one such as the US would provide an easy answer, an in-depth look at the issue reveals other elements which drive Malaysians to piracy, ranging from qualitative differences between the original product and the censored version that is released, to the national legislative views towards copyright infringement. We shall then cover the ways in which the local government has tried to raise awareness and bring the widespread use of piracy to a halt, and lastly we shall attempt to infer how piracy affects not only the global distribution, but in particular the Malaysian film industry itself.

As we have mentioned, Malaysia is a state with a rising economy. The Prime Minister of Malaysia, YAB Dato’ Sri Mohd Najib Tun Abdul Razak, has recently stated that the country has moved from a “low income nation to a modern industrial upper middle income country” (TreasuryGov, 2011). Despite this, the average monthly expenditure in a household is RM2190 (£451) in 2009/2010 (StatisticsGov, 2010). With this, the price of a cinema entry is RM14 (£3) when bought online (TGV Cinemas, 2011), and the price of an original DVD is about RM60 (£12), while a BluRay costs RM120 (£25) (Eastern, 2012). A pirated movie in DVD or BluRay however, costs significantly less. It is not hard then, to conclude why such prices are problematic. Thus, it is perhaps unsurprising that few consumers would willingly spend disproportionate sums of money on media, especially when acquiring it through piracy is not only easier, but often uncensored, as we shall discuss below.

Another issue, arguably of greater import, is the state in which the movies are presented to the consumers on the Malaysian market. The majority of movies in Malaysia are restricted to adults (18+), severing a significant amount of the population; however, this restriction is often futile, as the movies appear in the cinemas with the scenes (often of nudity or profanity) cut out from the movie altogether. These restrictions are present around the world, though in most of these countries, the movies remain in their original form when they are screened. In different cases, movies have been banned from public showings and distribution completely. 1998’s animation The Prince of Egypt, was banned because of religious sensitivities pertaining to Malaysia’s dominant Muslim population (BBC, 1999); at the same time however, pirated copies were made available throughout. 2003’s Daredevil was banned for similar reasons, being that the movie contained “violent content” and made an example of “hero worship of someone with a devil-sounding name.” (ComicBookMovie,
The list of banned movies is long, and the amounts of titles that have been tampered with are in the majority. It is not difficult to comprehend why most citizens would opt to attain a product in its original form with no expense, in comparison to spending a decent sum for what many would call a “botched” censored version.

Ultimately what facilitates the means for such large scale piracy is the ready availability of these pirated products and the ease with which one can acquire them; a simple stroll through a small commercial hub will present an individual with actual shops selling pirated copies of films and television shows, as with the dubious salesmen proceeding to offer the same pirated goods to people while they are browsing or enjoying refreshments. Penang, a state in Malaysia, is known as a “pirated DVD haven” (Tan, 2006). Forums and travel sites buzz with talks of purchasing pirated goods for the cheapest prices in this state, particularly at its night markets (VirtualTourist, 2005).

Secondly, while the government of Malaysia insists on cutting away the shortest improper scenes from Hollywood’s blockbusters, the Internet in the country is almost entirely without regulation. Indeed, even beyond that, the inefficiency of the government towards inhibiting IP-related thefts is one of the main concerns for international parties. In many cases the IP in Malaysia represents little more than a means for countering lawsuits. According to Endeshaw (2005), Intellectual Property is viewed as a method of legal defense of one’s property, rather than something businesses are meant to capitalise on.

Despite the widespread of piracy, attempts have been made by officials to improve the situation. There has been an international effort to combat piracy with awareness campaigns emerging across the globe. Malaysia’s neighbouring country Singapore launched an anti-piracy initiative by screening a 45 second trailer in cinemas which aims to encourage movie-goers to “Say NO! to Piracy” (IPOS, 2004). In Malaysia itself, several campaigns have emerged such as the ‘Buy Original’ campaign of 2003, with the slogan: “Make sure it’s original, then buy.” (Patrick, 2003). Along with these, there have also been many anti-piracy public service announcements on local broadcast systems. A large number of raids have also been successful in expunging large-scale burning labs and subsequently confiscating the illegal goods. In a research posted on the Malaysian Federation Against Copyright Theft (MFACT)’s website in 2008, the number of arrests for IP-related thefts in 2006 peaked at 780, while in 2007 we already see an increase to 1180. MFACT’s establishment is another effort to hinder piracy. Established in 2007 by the Motion Picture Association, an international body representing the interest of the global film industry, MFACT sets out to safeguard the industry of film from the impact of copyright theft. Working side by side with law enforcement authorities, its investigators ensure that the well-being of copyright is assured in the country. Along with the Motion Picture Association, MFACT works with anti-piracy associations in different industries such as music, computer software and computer games to avoid copyright infringement. The Malaysian government also enforces strict laws on copyright theft. Under the Copyright Act, it states that:

Any person who is guilty of an offence under this Act, shall on conviction be liable to be fined not exceeding RM10,000 (£2064) for each infringing copy, or to imprisonment for a term not exceeding five years or to both and for any subsequent offence, to a fine not exceeding twenty thousand ringgit (£4129) for each infringing copy or to imprisonment for a term not exceeding ten years or to both. (MFACT, 2008)
Even with these prevention methods, piracy still breeds, and the consequences of this situation lead to a national film industry facing problems when it comes to support, finance and the availability of jobs within the industry (MFACT, 2008). The creative minds of the Malaysian filmmakers may also be silenced as it will be harder to gain sponsorships or investments in their ideas. Given that the national industry alongside its international one are crippled by large-scale piracy, it is unlikely that in the future many of the creative minds of the future will get the proper funding given that the industry suffers from lack of revenue. With recent changes such as the government efficiently disposing of illegal labs and making piracy a central issue in the mainstream, we see a possibility of improvement. Beyond this, we see a new method of media distribution through sites such as Hulu, Netflix and LoveFilm, which offer the user open access to a wide number of titles in exchange for a small subscription fee; should such a service ever see the light of day in Malaysia, it seems likely that it would replace piracy through its ease of use, affordability and general efficiency. With new developing technologies such as 3D, the theatrical releases of movies offer a certain experience which cannot be recreated at home and thus leads to a larger segment of the population being drawn in.

While there are still many issues plaguing the Malaysian system, we can see the trend slowing down through government effort and the rise of the economy. Though all of this makes for a worrying fact for a future employee of the industry, we can hope to see a resolution to these issues when the current era will adopt a more efficient form of distribution that not only accommodates the general consumer but accommodates the financial difficulties of the countries in question with the use of a pricing method that is proportional to the national income.

So far we have seen the financial difficulties faced by Malaysian consumers with respect to acquiring original content, the state in which the aforementioned films are offered to the public given heavy age restriction laws and severe censorship, the widespread availability of pirated products in places such as small commercial hubs and the state of Penang, the government’s inefficient approach to IP legislation, the public campaigns organized by the Malaysian government and others, the increasing number of arrests with regards to the distributors of pirated material, the unlikelihood of future financing for Malaysian filmmakers, and the ways in which an official digital distribution service could help replace the need and desire for piracy.

While we are unable to gather statistics for every variable dictating the future rise and fall of piracy and the ways in which certain countries such as Malaysia will resolve this issue, we have attempted to lay down the basic problems for the distribution of international films in Malaysia; we have even given a suggestion as to how a better system may replace the common method of piracy through ease of use and a pricing method better fit for Malaysian consumers. We can only hope that in time these wounds in the methodology of distribution may be healed through an even more globalised system capable and willing to provide and satisfy the needs of all while recognizing the personal inabilities and restrictions of the consumer.
Bibliography: