



EUROLAB Special Briefing

The economic cost of counterfeiting in the clothing, footwear and accessories sector in the European Union

Over €26 billion and up to 363,000 jobs lost every year in the EU due to counterfeiting of clothes, shoes and accessories. The manufacture and distribution of fake clothes, shoes and accessories (such as ties, scarves, belts and gloves) takes over €26 billion every year from legitimate EU businesses.

Background

In a study carried out with the European Patent Office¹, the Office for Harmonization in the Internal Market (OHIM), acting through the Observatory, estimated that approximately 39% of total economic activity in the EU is generated by IPR-intensive industries, and around 26% of all employment in the EU is provided directly by these industries, with a further 9% of jobs in the EU arising from purchases of goods and services from other industries by IPR-intensive industries.

A new study from the Office for Harmonization in the Internal Market (OHIM) on '*The economic cost of IPR infringement in the clothing footwear and accessories*', shows that the sale of fake clothes, shoes and accessories in the EU equals nearly 10% of the total sales in the sector throughout the EU-28. That lost revenue translates into 363,000 lost jobs, as the legitimate manufacturers and retailers make and sell less than they would have done in the absence of counterfeiting, and therefore employ fewer workers.

In addition to the direct loss of sales in the clothing and footwear sector, there are also impacts on other sectors of the EU economy, as the sector suffering lost sales due to counterfeiting will also buy fewer goods and services from its suppliers such as the agriculture and chemical sectors, causing declines and corresponding employment effects in other sectors. Thus, beyond the direct effects on the sectors involved in the production and distribution of clothing and footwear €26.3 billion, a further €17 billion is lost in other sectors of the economy due to counterfeiting. This is the indirect effect of counterfeiting¹.

When the knock-on effects on suppliers are taken into account, legitimate businesses across the EU lose €43.3 billion of sales revenue because of counterfeiting, with around 518,000 jobs lost. Since producers and sellers of fakes do not pay tax, social contributions and VAT, over €8 billion of government revenue across the EU-28 is not collected.

The President of OHIM, António Campinos, said: "With this report we can put a figure on the economic impact of counterfeiting, and its consequences in terms of lost revenue and jobs at EU level in the clothing, shoes and accessories sector. These results will not only help policy makers in their work, they will also help consumers make more informed choices."

¹ This calculation assumes that the counterfeit products are produced outside of the EU. If they

are (partly) produced inside the EU, then the impact would be less than shown in the table since those illicit producers would presumably source some of their inputs from EU producers

The report is part of a series of studies into the economic impact of counterfeiting in a number of sectors across the EU, which will be released over the coming months.

The study can be found on the following page of the [Observatory website](#), where the previously published study on quantification of infringement in the cosmetics and perfume sector can also be found.

Economic losses due to counterfeiting: country-level results

The table below provides detail on both the direct and indirect impacts of counterfeiting for selected Member States.

	Direct effects				Total effects	
	Sales		Employment		Sales	Employment
	million €	%	persons	%	million €	persons
ITALY	4,548	8.5%	49,482	7.5%	8,968	80,951
SPAIN	4,127	15.8%	50,296	13.5%	*	*
UNITED KINGDOM	3,644	8.0%	40,152	7.6%	5,296	**
GERMANY	3,539	7.9%	40,281	7.6%	5,291	52,994
FRANCE	3,520	9.3%	25,763	8.6%	5,103	36,567
GREECE	953	18.7%	19,803	17.0%	1,323	24,375
PORTUGAL	452	10.4%	18,481	9.8%	992	25,659
ROMANIA	143	15.8%	20,638	7.8%	403	27,613
BULGARIA	56	17.5%	15,381	9.8%	186	20,400
EU28	26,343	9.7%	362,625	8.9%	43,288	518,281

*Harmonized input-output tables for Spain are not available in Eurostat.

**Detailed sectorial employment statistics are not available for the UK in Eurostat.

References:

- The Economic Costs of IPR Infringement in the Clothing, Footwear and Accessories Sector
European Observatory on Infringements of Intellectual Property Rights, Office for Harmonisation in the Internal Market:
http://euratex.eu/fileadmin/user_upload/images/press_releases/presse_2015/The_economic_cost_of_IPR_in_fringement_in_the_clothing_footwear_and_acce....pdf
- The economic cost of IPR infringement in the clothing, footwear and accessories sector:
https://oami.europa.eu/ohimportal/en/web/observatory/ip-infringements_clothing-accessories-footwear#
- Press release: https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/resources/research-and-studies/ip_infringement/study2/press_release/Press_release_IPR%20infringement_clothing_footwear_accessories_en.pdf

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