



EUROLAB Special Briefing

Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact

OECD & EUIPO Report

Imports of counterfeit and pirated goods are worth nearly half a trillion dollars a year, or around 2.5% of global imports, with US, Italian and French brands the hardest hit and many of the proceeds going to organised crime, according to a new report conducted jointly by the Organisation for Economic Co-operation and Development (OECD) and the EU Intellectual Property Office (EUIPO) on 'Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact'. This was even higher in the EU context where counterfeit and pirated goods amounted to up to 5 % of imports or as much as EUR 85 billion (USD 116 billion). The report measures and analysis the scale of counterfeit and pirated trade in order to provide an overview of the impact on global trade of counterfeit and pirated products, known as "fakes" in day-to-day live.

In the context of today's globalisation of international trade and the advent of the Internet, there are many opportunities for counterfeiters and criminals. Counterfeit and pirated trade is a major threat to any modern, knowledge-based economy. Illegal products can be found in a wide range of industries, from luxury items (e.g. fashion apparel, perfumes, leather goods or deluxe watches), via intermediary products (such as machines, spare parts or chemicals) to consumer goods that can endanger personal health and safety (such as pharmaceuticals, food and drink, medical equipment, or toys).

Global revenues from all illicit trade combined have been estimated at USD 870 billion per year, or 1.5% of global GDP. ¹ Counterfeiting, a subset of illicit trade, produces revenues of several hundred billion euros per year as estimated in the report.

Every IP-protected product can be counterfeited. There are even records of seized counterfeit (trademark infringing) fresh strawberries, bananas, cinnamon or coconut oil. Most brands that are hit by counterfeiting are located in OECD countries, but China has also been the target of counterfeiters. A detailed analysis shows that the majority of companies producing branded goods targeted by counterfeiters are registered in OECD countries – primarily the United States, Italy, France, Switzerland, Japan, Germany, the United Kingdom and Luxembourg. Emerging economies are also confronted with an increase of registered rights holders that suffer from counterfeiting.

As example (fig. 1), the United States was identified as the top countries with companies that had their intellectual property rights infringed in the 2011-13. Their brands or patents were affected by 20% of the knock-offs, then Italy with 15%, and France and Switzerland with 12% each. Japan and Germany stood at 8% each followed by the UK and Luxembourg. ²

¹ United Nations Office on Drugs and Crime – UNODOC, 2012

² Executive summary – 13 Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact © OECD/ EUROPEAN Union Intellectual Property Office 2016

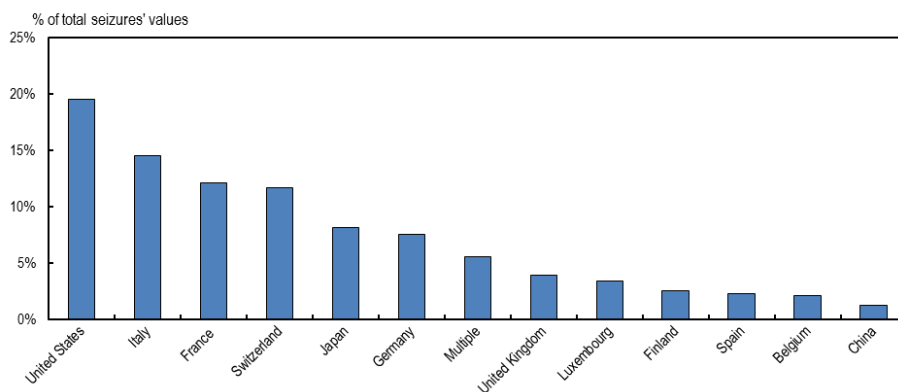


Fig. 1 - Data Source: [Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact](#)

Postal parcels are the top method of shipping fake goods, accounting for 62% of seizures over 2011-13, which also shows the emergence and globalization of value chains, and the booming e-commerce in global trade.

Trade routes in counterfeit and pirated goods are complex nowadays due to all the current changes in the international trade. The traffic goes through complex routes via major trade hubs like Hong Kong and Singapore and free trade zones such as those in the United Arab Emirates. Other transit points include countries with weak governance and widespread organised crime such as Afghanistan and Syria.

The report covers all physical counterfeit goods, which infringe trademarks, design rights or patents, and tangible pirated products, which breach copyright. It does not cover online piracy. As this is a complex issue, more investigations are needed to address the challenge. It is important that countries can, individually and in cooperation, design policy and enforcement solutions. A complementary analysis is necessary in order to look closer at the domestically produced and consumed counterfeit and pirated products, and pirated digital products of the Internet which are not included in the report. This data will further provide the policymakers with an up-to-date assessment of the quantitative value, scope and trends of this illegal trade. On the other hand, it will raise the consumers' awareness of counterfeit and pirated products and thereby reduce the potential size and profitability of markets for deceptive infringing products.

EUROLAB has established contacts with the EUIPO, OECD, EUROPOL and the EPA to exchange experiences and views in the field of fighting counterfeiting and infringements of IP rights.

EUROLAB members are available to support these International Organisations and National Governments and Institutions in their efforts to reduce the impact of counterfeiting.

Sources:

- Media release, 18/04/2016 - Global trade in fake goods worth nearly half a trillion dollars a year - OECD & EUIPO: <http://www.oecd.org/newsroom/global-trade-in-fake-goods-worth-nearly-half-a-trillion-dollars-a-year.htm>
- 2016 OECD Integrity Forum, Fighting the hidden tariff: Global Trade Without Corruption, Illicit Trade's Deadly Margins: <http://oecdinsights.org/2016/04/01/illicit-trades-deadly-margins/>
- OECD/EUIPO (2016), Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact, OECD Publishing, Paris: <http://dx.doi.org/10.1787/9789264252653-en>