

Storage and destruction of seized counterfeit goods in the EU



STORAGE AND DESTRUCTION OF SEIZED COUNTERFEIT GOODS IN THE EU

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Executive Summary

This report aims to provide information and describe challenges linked with two important phases of the legal proceedings related to the detention and seizure of counterfeit goods: their storage and their destruction. In particular, the report focuses on the costs of these processes borne by competent authorities and by right holders. A particular emphasis is given to the latter category.

The report gathers information provided by competent authorities in EU Member States and right holders, combined with data on detentions provided by the European Commission's Directorate-General for Taxation and Customs Union (DG TAXUD). Customs from 15 EU Member States communicated figures related to costs for storage and destruction. Police authorities shared information related to their procedures. Data was collected via a questionnaire sent to customs administrations (Annex III), interviews and bilateral discussions with other competent authorities and with selected right holders, in particular with two of them in 2023. Prices and costs were transmitted by EU Member States interviewed in 2022.

The report analyses costs for storage and destruction of seized goods carried out in the frame of two procedures: the customs procedure based on Regulation 608/2013 of the European Union⁽¹⁾ and procedures carried out by police, according to their national legislations.

Based on the available data for customs procedures, and according to a methodology using the volume destroyed of **three categories of products** (sport shoes, clothing, and perfumes and cosmetics), the report estimates that the **total cost of destruction** charged to the right holders by customs during the 4-year period amounts to **EUR 1.85 million**. This is an average of EUR 463 000 per year.

Storage costs for counterfeit sport shoes in 2021 seized by customs in all EU Member States amounted to **EUR 42 965**. The lack of detailed data prevented further estimations. Details on costs for storage and destruction by customs are listed in Annex II.

⁽¹⁾ Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003. Customs officials can seize products suspected of breaching IPR on the basis of a request for action submitted by the right holders or *ex officio*. Regulation 608/2013 covers all types of IPRs.

It was not possible to estimate costs for storage and destruction regarding seizures by police. Counterfeit goods seized by police are handled like other detained goods and no specific data could be made available to calculate costs at EU level. Right holders report that in most of the EU Member States, costs are borne by police who also handle logistics arrangements for storage and destruction. However, the report describes one example of seizure by police where costs were borne by right holders. Seizures carried out by other competent authorities such as market surveillance authorities fall outside of the scope of this study.

The report underlines some challenges faced by all stakeholders regarding storage and destruction of counterfeit goods. The lack of storage space in some cases and the variability of storage prices depending on the location and the types of products to be stored can deter the enforcement of intellectual property rights.

Transport of goods for destruction takes place in the vast majority of cases within the EU Member State where goods were discovered and are detained. No precise overall calculations of the transport costs can be released due to the lack of data.

Finally, the destruction of goods should be carried out in line with a global approach on waste management, which can lead to challenges regarding costs and processes specifically applicable to counterfeit goods. The destruction of some types of goods such as medicines, cosmetics, lighters, pesticides and machinery used to produce fake items, can be particularly challenging, both for enforcement authorities and right holders.

Previous Observatory studies have documented the economic and social damage caused by counterfeiting: the loss of turnover and employment by legitimate businesses, the loss of tax revenues, the potential health, safety and environmental damages, and the link between intellectual property (IP) crime and other serious crimes. This report examines one aspect of this economic damage, namely the costs, mostly borne by right holders, of storing and destroying counterfeit goods detained by authorities.

Due to the unavailability of data, only a narrowly defined estimate of costs could be provided. Annex II lists the detailed costs communicated by the EU Member States that were approached to contribute data for this report. However, these costs do not allow for an in-depth analysis per product

and procedure. But discussions with right holders and enforcers clearly showed that storage and destruction of counterfeit goods pose challenges that can hinder the proper enforcement of intellectual property rights (IPR). Disposal and recycling of counterfeit goods are part of discussions on waste management policy to be implemented at EU level.

1 Introduction

Both the Union Customs Code (UCC), which provides rules and procedures for goods entering or leaving the EU customs territory, and national legislation in each EU Member State consider goods suspected of infringing an IPR as prohibited goods⁽²⁾. Therefore, when these goods are discovered, they should be detained and seized by competent authorities. Detained goods cannot be released for free circulation within the EU, nor can their owner freely dispose of them in the case of a procedure carried out within the national territory.

In both legal frameworks, goods must remain in deposit, in a place designated or agreed upon by competent authorities, depending on the procedure that applies. This phase is the storage of the goods. It lasts until the issuance of a decision ordering either the release or the destruction of the goods should they be recognised as infringing an IPR. The destruction is then carried out according to specific rules depending on the situation (customs framework or national criminal and civil laws).

These procedures entail costs and can in some instances be challenging in terms of logistics (volume to be stored, places and conditions of storage). These costs have been discussed in various fora of the Observatory. Some stakeholders voiced concerns over the lack of transparency and predictability regarding the amount and the timing of the costs to be paid. This study was therefore included in the 2023 Work Programme of the Observatory.

In the case of a **detention of suspected counterfeit goods by customs authorities**, Regulation 608/2013 applies⁽³⁾. According to Article 29 of this regulation, customs authorities can request that detention costs are borne by right holders. This includes costs for storage, destruction, and handling of the detained counterfeits⁽⁴⁾.

⁽²⁾ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (recast) Article 134 (entry of goods) and Article 267 (exit of goods); national criminal and civil legislations in 27 EU MS.

⁽³⁾ Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003.

⁽⁴⁾ Article 29 of Regulation (EU) No 608/2013.

Costs

1. Where requested by the customs authorities, the holder of the decision shall reimburse the costs incurred by the customs authorities, or other parties acting on behalf of customs authorities, from the moment of detention or suspension of the release of the goods, including storage and handling of the goods, in accordance with Article 17(1), Article 18(1) and

Costs for storing and destroying fake goods seized by customs vary significantly between EU Member States and are determined by the quantity, location, and nature of the goods⁽⁵⁾.

To facilitate the storage of counterfeit goods seized by customs, each EU Member State interviewed for this report⁽⁶⁾ uses warehouse facilities. This is mostly in relation to small postal consignments and procedures carried out at the point of entry into the EU. Only a few EU Member States have facilities at their disposal that are suitable for storing large shipments of seized goods. As a result, customs authorities sometimes need to avail themselves of warehousing solutions provided by private parties to store seized goods. The storage costs billed by a third party fluctuate depending on demand. In addition, factors such as the volume and the type of products, the availability of the storage space, and the location of the facilities (e.g. distance from the place of seizure or a logistic platform) play a role in determining the costs. For instance, storage spaces in port areas and their surroundings are more expensive. The costs of stored goods are usually assessed per kilogram, per square metre, per cubic metre, or per pallet (EURO pallets).

Regarding destruction, the possibility of destroying goods infringing an IPR is framed at international level by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). Article 46⁽⁷⁾ of this agreement specifies that the destruction and disposal of IPR infringing goods must be an available remedy in civil and administrative procedures, criminal procedures and in the context of border measures. This provision has been integrated in the EU legal framework for customs and at national level by all EU Member States for criminal and civil proceedings.

Once goods are proven to be counterfeit, they are destroyed under the supervision of customs officials. According to Article 23 of Regulation 608/2012⁽⁸⁾, right holders usually handle the destruction process. The destruction must take place in the presence of customs officials.

Article 19(2) and (3), and when using corrective measures such as destruction of goods in accordance with Articles 23 and 26.

The holder of a decision to whom the suspension of release or detention of goods has been notified shall, upon request, be given information by the customs authorities on where and how those goods are being stored and on the estimated costs of storage referred to in this paragraph. The information on estimated costs may be expressed in terms of time, products, volume, weight or service depending on the circumstances of storage and the nature of the goods.

⁽⁵⁾ Refer to Annex II.

⁽⁶⁾ See Methodology for more detailed information.

⁽⁷⁾ TRIPS Agreement – [Article 46](#).

⁽⁸⁾ Article 23 paragraph 2: The destruction of the goods shall be carried out under customs control and under the responsibility of the holder of the decision, unless otherwise specified in the national law of the Member State where the goods are destroyed.

Furthermore, considering the high number of counterfeit goods sent via post, a simplified procedure was designed to facilitate the seizure and destruction of goods in postal shipments (small consignments)⁽⁹⁾. It foresees the destruction of the products without the intervention of the right holder if the declarant does not oppose⁽¹⁰⁾. Destruction costs vary depending on the type of goods, the quantity (minimum charges usually apply), and the required procedures. Most of the companies charge by weight. Disposing of hazardous commodities such as pesticides or medicines entails higher costs and can only be carried out in specific facilities.

For counterfeit goods seized by police within the national territories of the Member States, national legislations apply. Costs for storage and destruction of counterfeit goods are usually borne by the state, similarly to any other prohibited goods seized by police such as narcotics. Therefore, no figures related only to counterfeit goods are available. The specific costs of storage and destruction of counterfeit goods cannot be separated from the overall costs of storage and destruction.

When considering destruction methods, it seems that almost all counterfeit products are destroyed by shredding, mechanically (crushing) or by incineration. However, products containing potentially hazardous chemicals such as pesticides and medicines are usually sent for destruction to specific businesses. In some cases, depending on the quantity and the types of products, right holders whose IPR was infringed can be requested to, or are offered the possibility of, handling the destruction of the infringing products themselves.

This **report estimates the expenses related to storage and destruction of counterfeit goods seized by customs and by police**. Storage and destruction of counterfeit goods seized by competent authorities other than customs and police were not considered in this report. The calculation is based on data, research and interviews conducted in 15 Member States⁽¹¹⁾, combined with data on detentions provided by the European Commission's Directorate-General for Taxation and Customs Union (DG TAXUD). Costs beyond direct costs for storage and destruction, such as transport or supervision costs, which may be charged to right holders by the authorities, are not included in the estimated figures of this report, although they are briefly described (section 5).

⁽⁹⁾ More details in section 3.3.

⁽¹⁰⁾ If the right holder opted for the simplified small consignment procedure. However, in Denmark and the Netherlands, destructions always take place at designated facilities.

⁽¹¹⁾ Belgium, Bulgaria, Denmark, Germany, Greece, Spain, France, Croatia, Cyprus, Latvia, Hungary, Malta, the Netherlands, Austria and Finland.

The general methodology, as well as sources of data and information used for this report, are described in section 2 and in the Annexes. The cost estimates of storage and destruction of counterfeit goods seized by customs are detailed in section 3, and examples of costs arising from seizures carried out by police within the internal market are discussed in section 4. In addition, the report helps identify techniques used to destroy goods and aims to give an insight on how the waste resulting from the destruction is handled. More specifically, section 5 addresses the challenges of transporting counterfeit goods for destruction, and section 6 tackles the environmental aspects of the destruction process. The final section offers some conclusions and suggestions for further discussion.

Detailed data by Member State, as well as the questionnaire used to gather information from customs administrations, are provided in the Annexes.

2 Methodology

Interviews and desktop research were initially conducted in alignment with the scope of the project to get a deeper understanding of the nature of the issues and how they affect right holders and declarants.

Three main sources of data were used to estimate storage and destruction costs:

1. information on the fees charged to right holders by authorities, obtained directly from the Member States and only concerning specific types of products (three groups – see below);
2. data on seizures of counterfeit goods between 2018 and 2021, obtained from the European Commission (DG TAXUD) and the IP Enforcement Portal (IPEP)⁽¹²⁾;
3. data provided by right holders, in particular on one case illustrating the average costs arising from investigations carried out by police.

To gather information on fees charged to right holders by customs, a questionnaire was developed and sent to customs officials (see Annex III). All interviews were conducted online. Representatives of customs administrations of 15 EU Member States were interviewed⁽¹³⁾. 14 of them provided detailed information on destruction costs: Belgium, Bulgaria, Germany, Greece, Spain, France, Croatia, Cyprus, Latvia, Hungary, Malta, the Netherlands, Austria and Finland.

Storage and destruction costs largely depend on the type of products. The use of different classifications of products to report detentions and the available data on fees charged for storage and destruction meant that it was difficult to match information on the groups of products available in the database on detentions at the external borders of the EU with available information on costs. Therefore, cost estimates in this report are based on **three groups of products seized at the EU borders: sport shoes, clothing, and perfumes and cosmetics**. These products are among the main targets of counterfeiters and among the most seized by EU customs. Therefore, data on detentions is sufficiently granular to allow for a detailed calculation. Additional information on costs

⁽¹²⁾ Reports 'EU enforcement of intellectual property rights: results at the EU border and in the EU internal market', years 2018 to 2021.

⁽¹³⁾ EU Member States interviewed were selected to ensure a balanced geographical representation across the EU (i.e. with large and small Member States).

and charges is available for other types of products in the Annex but could not be taken into consideration for an in-depth analysis in the report as it was insufficiently detailed.

Calculations based on the abovementioned data revealed that the average fees for destruction in the 14 Member States for the three groups of products were per ton:

- perfumes and cosmetics: **EUR 711.50**;
- clothing: **EUR 324.60**;
- sport shoes: **EUR 324.60**.

These numbers refer to fees per year over the period 2018-2021.

For Member States with unavailable figures, either because they were not provided during the interview, or because the Member State was not among the ones selected for the study, these averages were used. In the case of Denmark, Luxembourg, Finland and Sweden, an adjustment factor of 1.15 was applied to take account of the higher level of prices and wages in these countries. In the diagrams in section 3, EU Member States for which the costs were estimated according to this method are coloured **red**.

In the second step, total costs of destruction per Member State for each of the three groups of products were estimated by multiplying the costs per ton with the estimated total weight of the products seized by customs⁽¹⁴⁾. The cost in the EU was calculated by totalling up the Member State-level costs.

As shown in Annex II, some Member States also charge right holders for storage, handling and other actions, such as fees for supervision or transport. However, those fees are only reported by a few Member States and are in general lower than the fees charged for destruction. Only the destruction fees are considered in the calculations described above.

To complement the analysis, preliminary results of the study were discussed with public and private stakeholders in various fora, including the Enforcement Working Groups in November 2022 and March 2023. Right holders were given the opportunity to provide additional input for this report during

⁽¹⁴⁾ In the case of Spain, for perfumes and cosmetics the volume driver was not weight but a number of items seized, because Spanish fees for destruction are based on this metric and not on weight.

discussions in Working Groups and bilateral encounters. Regarding the proceedings applicable in Member States, in addition to the interviews conducted, previous papers and studies of the Observatory were used, such as the [Observatory update on Storage and Destruction](#), which provides a description of the proceedings in most of the EU Member States.

3 Storage and destruction in customs detentions

In 2021, customs officials handled approximately 75 000 cases where products were suspected of infringing an IPR and subsequently detained. Each case can involve one item or up to many thousands or millions, infringing one IPR or several rights registered by one or several right holders. In total, approximately 42 million items were seized by customs officials in 2021 ⁽¹⁵⁾.

Conditions of storage for detained goods are not harmonised at EU level. Article 20 of Regulation 608/2013 (EU) stipulates: ‘The conditions of storage of goods during a period of suspension of release or detention shall be determined by the customs authorities.

Each Member State has developed its own procedures to store and destroy goods. Furthermore, logistic arrangements are usually made at local level by provincial or regional entities ⁽¹⁶⁾ of the relevant authorities (police, customs, courts of justice).

To facilitate the storage of counterfeit goods seized by customs, every Member State reported during the interviews that they use warehouse facilities for small postal consignment procedures at the point of entry into the EU custom territory. However, it can be challenging to find space in facilities to hold large shipments, either because of the lack of larger facilities or the limited space still available. As a result, customs authorities sometimes need to avail themselves of warehousing solutions provided by private parties to store seized goods.

When seized goods cannot be stored in their facilities, customs can ask right holders to find storage space with private partners. In some countries, such as Finland, right holders are systematically requested to arrange storage and destruction with private providers. The price paid by the right holder is therefore agreed between both private parties without the involvement of customs. In theory, right holders can choose where to store the detained goods. In reality, in most places, storage companies are few and the range on offer can be limited. As a consequence, right holders interviewed for this study mentioned that these companies can sometimes find themselves in a monopolistic situation and impose their prices.

⁽¹⁵⁾ Report [EU enforcement of intellectual property rights: results at the EU border and in the EU internal market 2021](#).

⁽¹⁶⁾ According to the administrative organisation of the Member State, it can be directorates, divisions, departments, jurisdictions etc.

According to the price tables shared by enforcement authorities – see Annexes – actual costs paid by right holders for storage of counterfeit goods by customs vary from EUR 0 to EUR 1.5⁽¹⁷⁾ per Euro-pallet⁽¹⁸⁾. Depending on the volume of the stored items, prices can be higher. Charges vary significantly between Member States depending on national legislations and procedures. In some Member States, such as France and Austria, right holders are not charged for storage – all costs are borne by customs. In general, storage prices are higher at airports than at maritime ports. The price also fluctuates depending on the current demand for storage.

3.1 Estimations of total storage costs

As explained above, storage costs are calculated in most cases based on the volume or weight of the goods. There is, however, no data available on the volume of seized goods, thus preventing the calculation of the total space needed to store all seized counterfeit goods and, therefore, the corresponding overall storage cost.

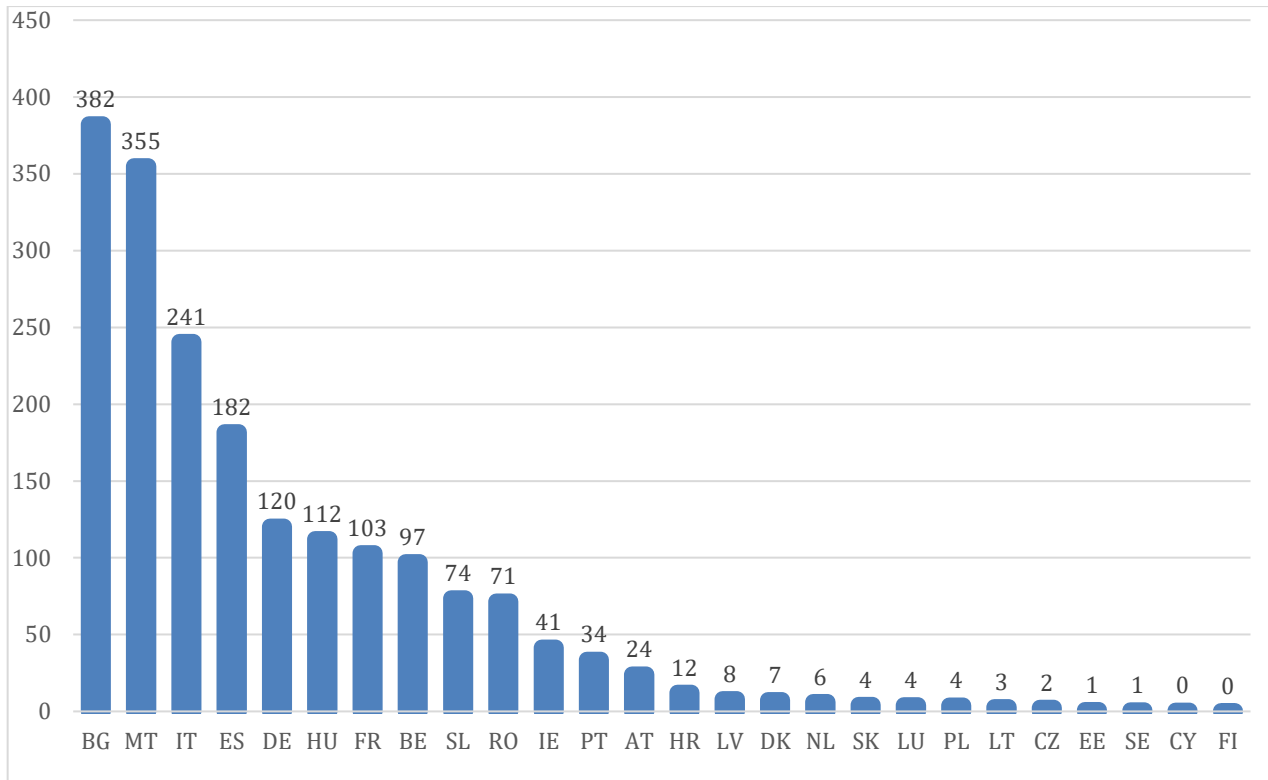
To estimate these costs, a standardised product whose volume can be precisely defined was chosen: sport shoes, normally transported and stored in boxes. A standard sport shoe box contains approximately 8 litres. Therefore, 116 shoe boxes fit into one cubic metre. According to the report on EU enforcement of intellectual property rights: results at the EU border and in the EU internal market 2021⁽¹⁹⁾, EU customs in 2021 seized 219 191 pairs of sport shoes, representing a volume of 1 890 cubic metres. The graph below shows the seizures by EU Member State.

⁽¹⁷⁾ Prices at the time of the interviews in 2022.

⁽¹⁸⁾ The EUR-pallet, also known as Euro-pallet or EPAL-pallet, is the standard European pallet: a wooden pallet measuring 800 mm by 1 200 mm by 144 mm, with a surface of 0.96 m².

⁽¹⁹⁾ [EU enforcement of intellectual property rights: results at the EU border and in the EU internal market 2021](#) page 73.

Figure 1. Volume (m³) of counterfeit sport shoes seized by customs in 26 EU Member States (2021)⁽²⁰⁾



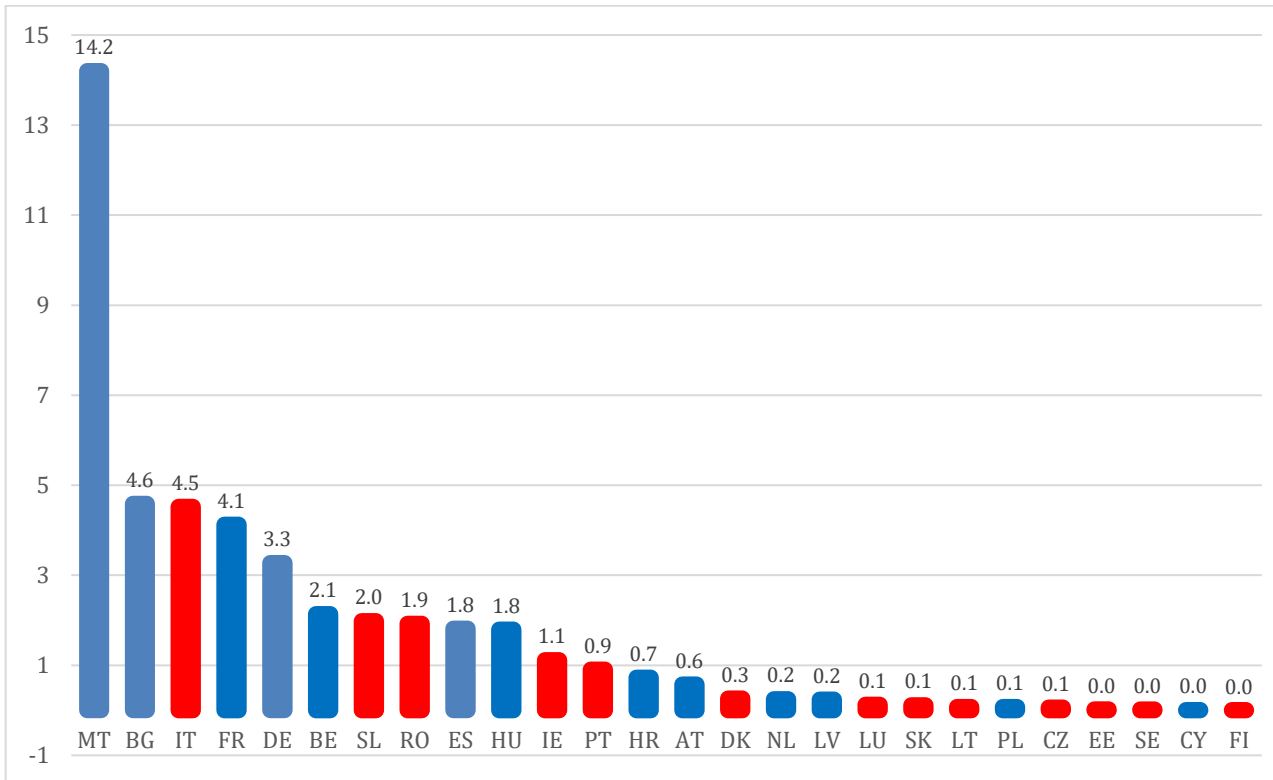
Source: Report EU enforcement of intellectual property rights: results at the EU border and in the EU internal market 2021 – December 2022

Based on the methodology explained in section 2, the estimated total costs for the storage of counterfeit sport shoes in 2021 seized by customs in 26 EU Member States amounted to **EUR 42 965**.

The estimated costs for storage of counterfeit sport shoes seized by customs per EU Member State in 2021 are shown in Figure 2.

⁽²⁰⁾ In 2021, Greece did not report information on detentions at the EU external borders by customs. The data is available for 26 EU Member States.

Figure 2. Estimated costs for storage of counterfeited sport shoes seized by customs in 26 EU MS (EUR 000's, in 2021)⁽²¹⁾



Most of the costs are borne by right holders except in some Member States such as France, Austria and to some extent Denmark and Croatia (e.g. no charge for small consignments – see Annex II).

3.2 Estimations of destruction costs

Once the goods are proven to be counterfeit⁽²²⁾, they are destroyed under the supervision of customs officials. According to Article 23 of Regulation 608/2012⁽²³⁾, right holders usually handle the

⁽²¹⁾ As explained in Section 2 Methodology, blue columns refer to actual costs and red columns are estimations. Moreover, as mentioned in footnote 20, Greece did not report information on detentions at the EU external borders by customs. Numbers are expressed by 000'. If the figure is below EUR 50, it will be expressed as 0.05 and rounded to 0.0 with one decimal. If the figure is EUR 60, it will be expressed as 0.06 rounded to 0.1.

⁽²²⁾ Depending on the legal proceeding used, destruction can be ordered by customs or by a court decision.

⁽²³⁾ Article 23 paragraph 2: 'The destruction of the goods shall be carried out under customs control and under the responsibility of the holder of the decision, unless otherwise specified in the national law of the Member State where the goods are destroyed'.

destruction process. They arrange transport to the destruction premises and organise the destruction directly with the business in charge. The destruction must take place in the presence of customs officials. Where the right holder does not have a representative in the country or is not able to organise the destruction, customs handle the matter and usually charge the right holder for the destruction.

As explained in the introduction, postal consignments containing counterfeits are usually destroyed at the point of entry without the need for explicit consent of the right holder, if the owner opted in for the simplified small consignment procedure and if the recipient of the goods does not oppose it. In Denmark and the Netherlands, all counterfeit products are destroyed at destruction sites. According to the price tables, this practice does not seem to increase costs.

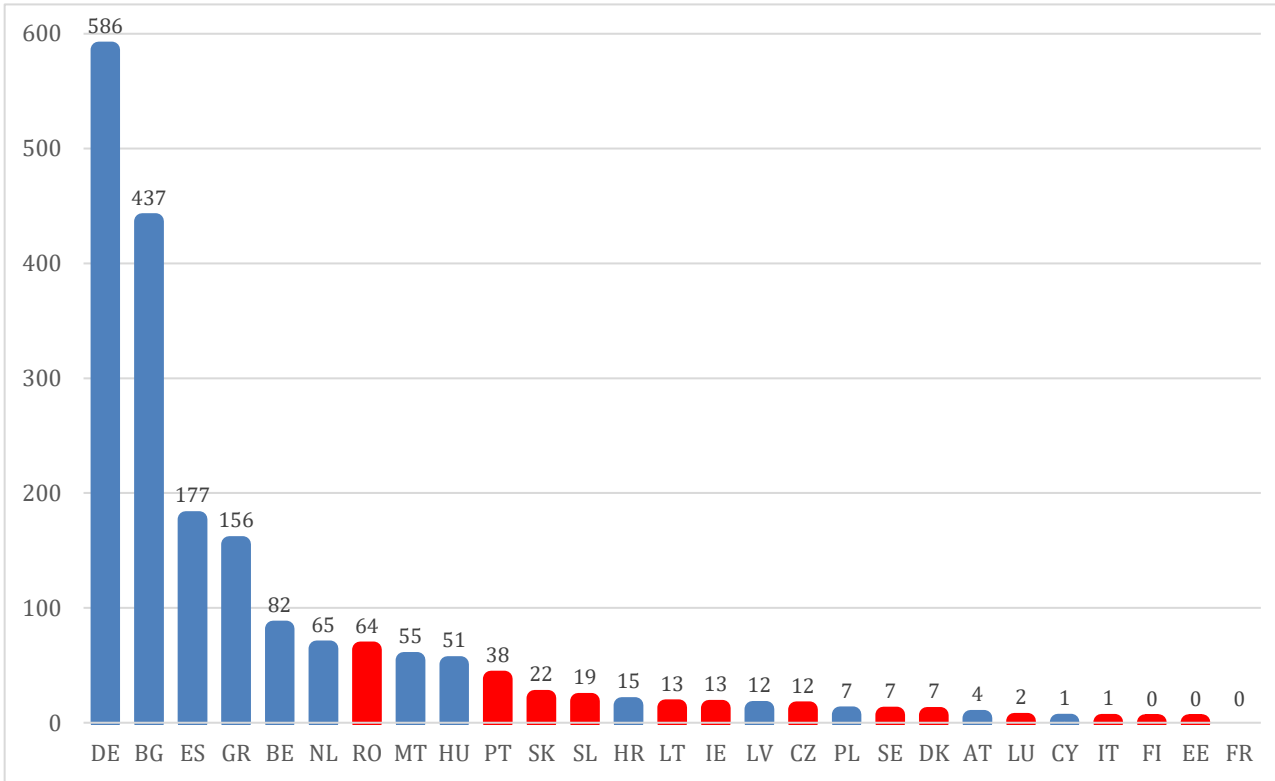
Most counterfeit products are destroyed by either shredding, mechanically (crushing) or by incineration. However, products containing potentially hazardous chemicals can be sent to expert companies or to the right holder when this is considered the safest way to destroy the goods.

Destruction costs paid by right holders vary significantly between Member States and type of product. It can range from EUR 150 per ton for clothing in Greece, up to EUR 2 300 per ton for perfumes and cosmetics in Hungary. Furthermore, France does not charge right holders for destruction and several Member States, such as Denmark, Croatia, Hungary and Austria do not charge for the destruction of small quantities (e.g. goods found in small consignments).

Applying the methodology described in section 2 to the costs by Member State for the three groups of products included in this study, **the total costs for destruction of counterfeit perfumes, cosmetics, clothing, and sport shoes paid by right holders are estimated to be EUR 1.85 million** for all 27 EU Member States between 2018 and 2021. This represents an **average of EUR 463 000 per year**.

Figures 3 to 6 show the total costs for destruction of the three product categories per Member State between 2018 and 2021. **Blue columns** refer to actual costs based on volumes and costs for destruction reported by third party destruction sites. **Red columns** are estimations based on the reported volumes and the average costs for destruction, corrected by a cost index per EU Member State, as explained in section 2.

Figure 3. Total estimated costs for destruction of the three product categories per EU MS (EUR 000's, 2018-2021)



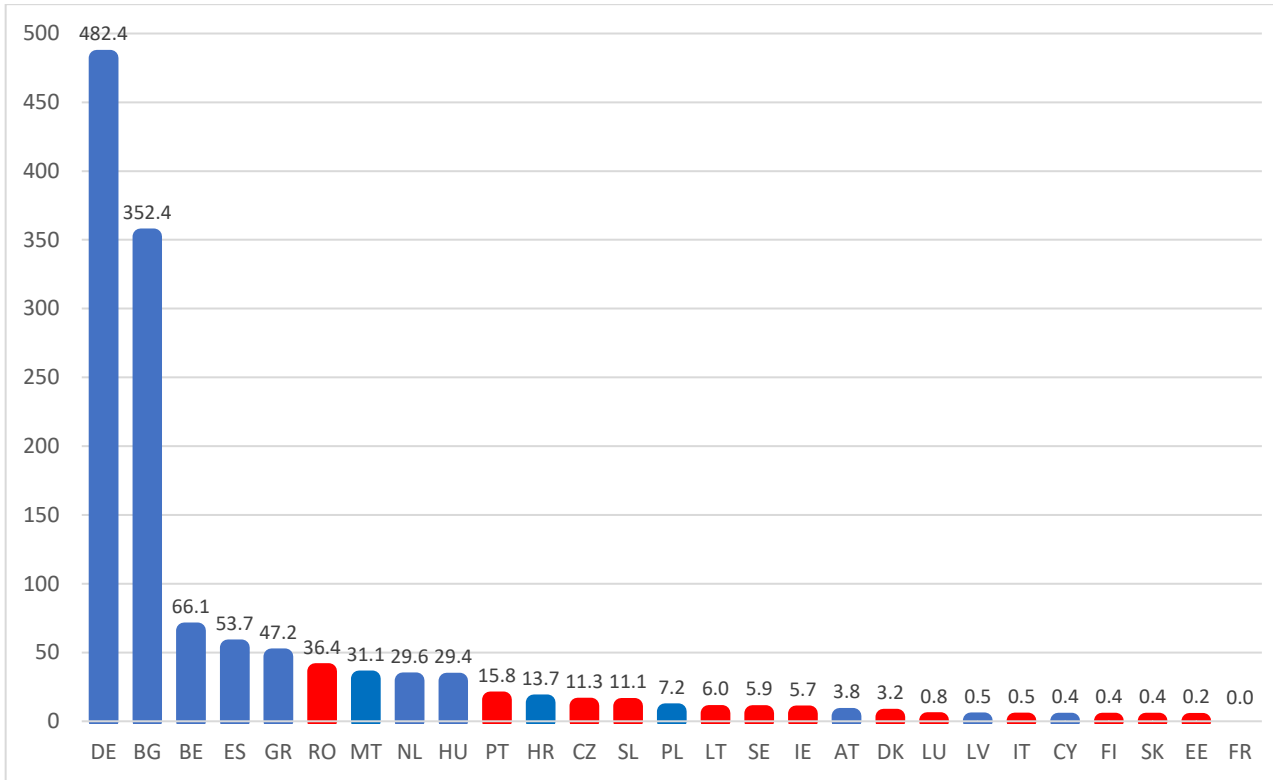
A closer examination of these costs reveals that:

- perfumes and cosmetics are the most expensive products to destroy, with an average cost of EUR 712 per ton;
- right holders paid the highest costs for the destruction of clothing, probably due to the large volumes of counterfeited clothing seized by customs;
- sport shoes generated the lowest destruction costs for right holders between 2018 and 2021.

Detailed figures are provided in the following graphs.



Figure 4. Costs for destruction of counterfeit clothing per EU MS (EUR 000's, 2018-2021)⁽²⁴⁾



⁽²⁴⁾ In this chart and the following charts, France did not report any cost for destruction. Data for the destruction of the three groups of products is not available. Destruction costs are borne by the competent authorities and encompass all prohibited goods.

Figure 5. Costs for destruction of counterfeit perfumes and cosmetics per EU MS (EUR 000's, 2018-2021)

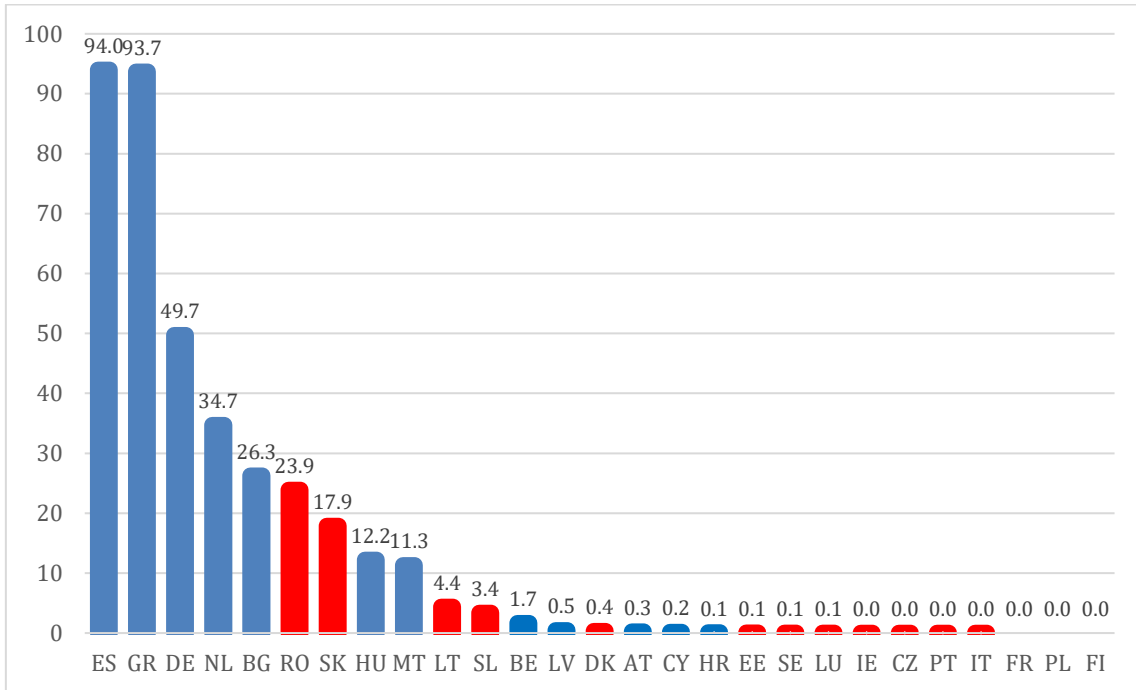
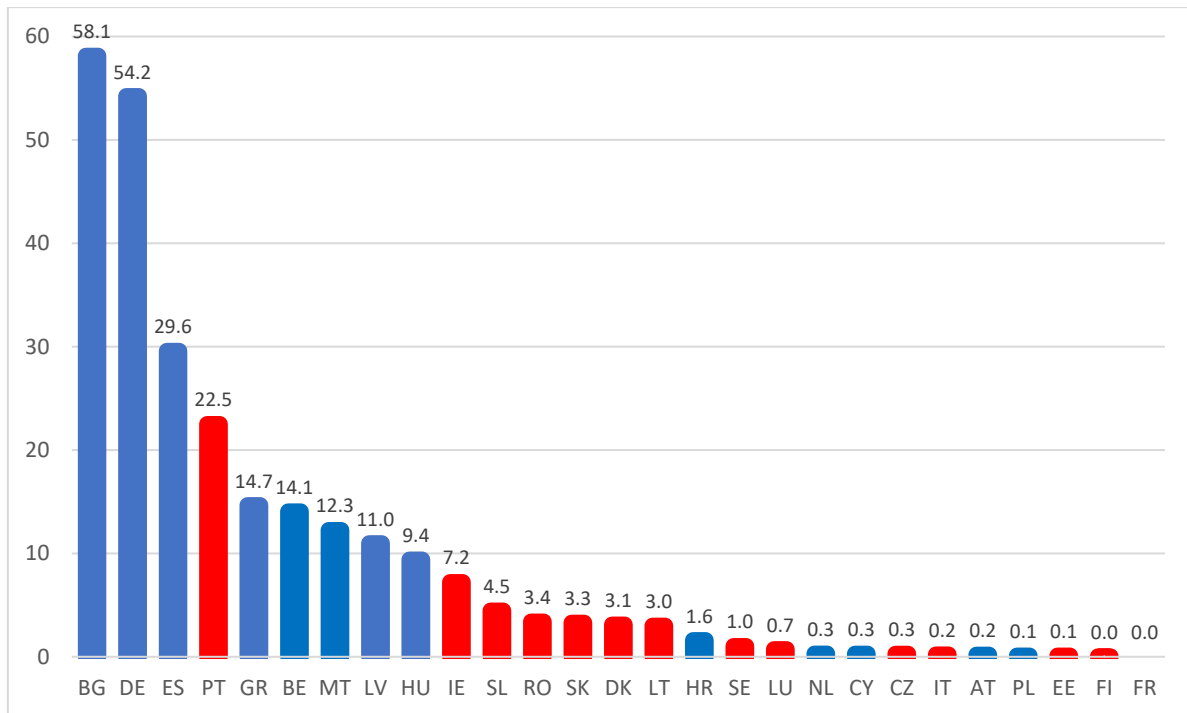


Figure 6. Costs for destruction of counterfeit sport shoes per EU MS (EUR 000's, 2018-2021)



3.3 Small consignment procedure foreseen by Regulation 608/2013

When filing the Application for Action (AFA)⁽²⁵⁾ with customs, right holders can opt in for a simplified procedure regarding small consignments⁽²⁶⁾. This streamlined process applies to consignments of less than three units and weighing under 2 kg. It allows customs to destroy counterfeit items without the explicit agreement of the right holder in each case, thus simplifying and speeding up the process. EU Member States are entitled to charge right holders for the storage and destruction of counterfeit products seized by customs under this simplified procedure. In most of the 15 Member States interviewed for this study, small consignments are stored and destroyed without any charges for the right holder.

However, some Member States do charge right holders. Germany reported that customs charge EUR 15 for the storage and destruction of small consignments if the right holder has signed up for the simplified procedure. If not, the charge is EUR 35. Croatia imposes a fee of EUR 2.67 for destruction plus EUR 1.00 for transport for each item seized, and in Latvia postal shipments are also subject to a storage fee⁽²⁷⁾.

In general, seized small consignments are destroyed at the point of entry, usually in the premises of the carriers – except for Denmark and the Netherlands, where fake goods are destroyed in dedicated facilities. The destruction method is usually mechanical or shredding. Destruction can be carried out on the spot by customs themselves if the product and quantity allow. For example, textile goods can be manually destroyed with a pair of scissors and disposed of as regular waste.

⁽²⁵⁾ Right holders can ask customs to detain goods suspected of infringing their IPRs. This request is done officially via a form called Application for Action (AFA). The request can be submitted at national or at EU level depending on the intellectual property right(s) on which it is based. More information: https://taxation-customs.ec.europa.eu/customs-4/prohibitions-and-restrictions/counterfeit-piracy-and-other-ipr-violations/defend-your-rights_en.

⁽²⁶⁾ Article 26 of Regulation 608/2013: goods suspected of infringing an IPR can be destroyed by customs without the involvement of the right holder if the holder of the goods or the declarant agrees to the destruction of the goods when informed by customs.

⁽²⁷⁾ The fee amounts to EUR 8.89 per month per square meter. It applies to both the standard procedure and the small consignment procedure.

4 Seizures carried out by police

This section focuses on seizures carried out by police within national territories of the EU Member States. Detentions and seizures carried out by other competent authorities such as Market Surveillance Authorities fall outside of the scope of this report. However, in some Member States, several authorities, including customs, are competent to detect and conduct investigations on counterfeit goods discovered within national territories.

4.1 Proceedings and availability of data on costs

Police operate under the relevant national legislations (criminal and civil). Storage and destruction of counterfeit goods are handled similarly to the storage and destruction of other types of prohibited goods (e.g. drugs or weapons). Therefore, no specific data for storage and destruction costs of counterfeit products can be made available.

In 2021, goods seized in the internal market of the EU, mainly by police, amounted to 53.2 million articles worth EUR 1 253 million. As examples, Spain reported the seizure of almost 1.8 million products, France reported the seizure of 2.9 million items, and in the Netherlands, 11.4 million articles were reported seized⁽²⁸⁾.

These 53.2 million products are stored during the entire criminal investigation process and the subsequent court procedure. In some cases, this can result in a storage period lasting for several years. Depending on the national legislations and the content of the court decision, right holders will be entitled to claim the storage and destruction costs as damages⁽²⁹⁾. If this option is not available or if the court decision does not recognise the costs as damages, right holders will bear the costs of storage during the entire duration.

In some EU Member States, for instance in Spain, the length of procedures has led police to request assistance from right holders to organise and pay for the storage and destruction of seized goods

⁽²⁸⁾ Report [EU enforcement of intellectual property rights: results at the EU border and in the EU internal market 2021](#) (page 84) – 2022 – European Commission and the EUIPO.

⁽²⁹⁾ For an overview of the different procedures in EU Member States, see the study [Observatory Update on Costs and Damages](#).

when ordered by the court. In some cases, particularly when transporting the goods would require disproportionate handling costs or when no storage space is available, counterfeit goods are stored at the place of discovery. This increases the risk of goods disappearing if appropriate safeguarding is not available. Therefore, dealing with large quantities of counterfeit goods following a police raid usually requires close cooperation between right holders and police. It can pose significant logistical challenges.

A recent example of an investigation involving large quantities of seized goods was led by the Spanish police, resulting in the seizure of more than 250 000 counterfeit articles in July 2023. The products infringed several intellectual property rights, mainly trade marks, registered by several companies⁽³⁰⁾. Searches were carried out simultaneously in 13 locations across Spain. 22 seizures were carried out in businesses open to the public. 39 arrests were made during the action day. In total, 72 right holders were contacted by police, 59 of which have responded at the time of writing. Counterfeit goods discovered were stored in very poor conditions and located in various places including private homes. In such cases, the workload to identify, count and transport all the items found to a secure storage place was challenging. Considering the number of right holders involved, their support, including the organising of storage for the seized items, was indispensable to the Spanish police.

The court proceedings of this investigation are ongoing at the time of writing. Goods are stored in warehouses managed by police and in warehouses rented by some right holders.

In this context, some interviewees, from both the public and private sectors, propose that the accelerated destruction procedure that already exists in some Member States such as France, Italy and Spain should be used more systematically. This procedure allows for the destruction of the goods before the issuance of the court decision. Samples of seized goods are kept for the court proceedings. However, destruction before the end of the legal proceedings can result in State liability and the payment of compensation by the authority, should the defendant be found not guilty. National administrations cannot use this possibility in all cases. Furthermore, they can be reluctant to do so in some instances even when it is legally possible. In Belgium, the public prosecutor or the investigative judge can order the destruction before the issuance of a court decision, if this is

⁽³⁰⁾ More information available at: <https://youtu.be/A07vhBf3OPU?si=oS-V9zLqpyWcAo> .

necessary to safeguard public order or when the storage of goods is problematic (e.g. when the storage costs exceeds the value of the goods).

4.2 Example of costs borne by right holders in case of seizures in the internal market

Firstly, it is worth mentioning that right holders contacted for this study reported that in most of the EU Member States, police do not charge them for storage and destruction of seized counterfeit goods. Costs are borne by the administration in, inter alia, Germany, France, Italy, the Netherlands and Sweden. Exceptionally, fees and support for logistics can be requested (e.g. in France or Slovakia when facing a particular case – such as a raid requested by the right holder). In Croatia and Austria, right holders reported that seizures are not carried out by police, only by customs.

However, police of some EU Member States charge fees and request support for storage and destruction, among them Belgium, Spain and the Netherlands, according to the outcome of the procedure (launch of a criminal investigation following the seizure or not).

Two right holders contributed to this report with figures of overall costs paid for storage and destruction in the frame of investigations by police. In addition, one right holder provided an example of costs paid in Spain for one specific case involving counterfeit luxury goods infringing a trade mark. It can be considered quite representative of the normal proceedings in the case of seizure followed by criminal proceedings in Spain.

In the course of this investigation, 300 items, 114 294 metal pieces (rings, plates, zips etc.) bearing a trade mark to be placed on products and 61 dies used to affix trade marks onto the products were seized⁽³¹⁾. Goods were discovered during a raid in 2014. The right holder had been informed by the police before the operational actions to plan logistic arrangements. In total, 1 901 products infringing several intellectual property rights of different right holders were seized, along with 38 rolls of fabric, 1 514 non-finished goods and 61 spare parts (e.g. covers and boxes).

⁽³¹⁾ These numbers refer to one trade mark. Other trade marks of other right holders were also infringed.

Police requested the support of the right holder to organise the storage of the goods, which were stored with a private company. The judge opposed early destruction. The case is now pending the decision of the court.

The right holder reports that the total costs arising from the whole procedure, from 2014 until now amounts to **EUR 11 430**, with EUR 1 270 per year for storage. This storage fee corresponds to products infringing one trade mark and paid by one right holder. The total amount for storage was divided equally between two right holders and totals EUR 2 540 per year.

This example shows the length of the proceedings and the associated costs in some situations. Similar cases were also reported by right holders in other EU Member States.

5 Transport of goods for destruction

The destruction of counterfeit goods usually takes place in the Member State where goods have been discovered. If the destruction cannot be carried out in the Member State of seizure, it is legally possible in most of the Member States to send the goods to another EU Member State for destruction. In the case of customs proceedings, Regulation 608/2013 (EU) foresees the possibility of moving the goods within the Customs Union territory under conditions to be specified by national customs⁽³²⁾. However, transporting counterfeit goods between Member States places a significant administrative and financial burden on all parties involved. It requires specific procedures and authorisations as well as safety requirements to ensure goods are always monitored during the journey. This impacts on resources for the receiving Member State, and the procedure must be planned jointly between all parties (custom authorities from both Member States and the right holder). If the waste resulting from the destruction process has economic value, the ownership of the waste must be determined, as well as which EU Member State is entitled to collect possible tax and duties. Right holders interviewed for this study reported that this procedure is rarely used, except when absolutely necessary, for example if the Member State in which dangerous goods were seized does not have specialised facilities for destruction of these goods. It must then use facilities located in another Member State, usually a neighbouring one.

Transport of the seized goods for destruction therefore takes place in most cases within the Member State where goods were discovered and are detained. In customs proceedings, customs must monitor the transportation to the destruction facilities. Some Member States interviewed, such as Finland, reported that costs of transportation to the destruction site are borne by the right holder. In addition, some Member States, such as Hungary, charge supervision fees to the right holder during the destruction process (see Annex II). For procedures carried out by police, in the case of criminal proceedings, in most Member States, such as Slovakia, costs are usually borne by police and not the right holders.

No precise overall calculations of the transport costs can be released due to the lack of data.

⁽³²⁾ Article 25, paragraph 2. Regulation 608/2013: 2. The customs authorities may allow the goods referred to in paragraph 1 to be moved under customs supervision between different places within the customs territory of the Union with a view to their destruction under customs control.

6 Environmental aspects of destruction

As mentioned in the introduction, Article 46 of the TRIPS agreement foresees that the destruction and disposal of IP infringing goods must be an available remedy in civil and administrative procedures, criminal procedures and in the context of border measures. The agreement does not provide any guidance regarding the actual destruction process.

The actual destruction of goods can be carried out in many ways, such as shredding, crushing or incineration. The destruction of counterfeit goods is usually handled similarly to the destruction of other types of waste. However, alternatives to destruction exist for counterfeit products. In some instances, products can be de-badged (removal of brands/logos) and re-used. This option can be used for clothing items, provided the materials and fabric are safe for consumers.

At EU level, EU Member States handle their wastes according to the Directive 2008/98/EC (Waste Framework Directive). Other pieces of legislation or guidelines also apply depending on the nature of the products (e.g. the EU Strategy for Sustainable and Circular Textiles⁽³³⁾). At this stage, there is no legal framework specifically dealing with the destruction of counterfeit goods.

The most common ways of dealing with waste generated by the destruction of counterfeits are landfill and incineration. The latter is also often used as a means of destruction.

For disposal to be cost-effective, a certain critical volume of goods is essential. Some countries have created a central organisation for the combined disposal of counterfeit goods from different detentions. For example, Dutch customs contracted a company to store, sort and dismantle detained counterfeit goods for destruction. Recycling of counterfeit goods is the prime objective. If this is not feasible, downcycling⁽³⁴⁾ and ultimately incineration for energy recovery are alternative options.

Destruction and recycling depend on the type of material of the goods. Products made from metal are usually sold as scrap metal by the destruction sites, thus being a source of income for them. The right holders that pay for the destruction rarely benefit from such sales. In the framework of customs

⁽³³⁾ https://environment.ec.europa.eu/publications/textiles-strategy_en.

⁽³⁴⁾ 'Downcycling' refers to waste recycling when the recycled material is of lower quality than the original material and therefore cannot be used in production of the original product. Examples include downcycling of plastic into benches or speed bumps or use of steel from scrapped cars in construction.

procedures, the ownership of valuable waste, such as metal deriving from the destruction of counterfeit goods, is not clearly established⁽³⁵⁾. Clarity of ownership would therefore be conducive to large scale recycling of the waste generated by the destruction of counterfeit goods.

Textiles can be shredded and processed into new textile fibres. For this method to be viable, counterfeit products must be removed from packaging and sorted by colour. Furthermore, quantities must be relatively large. It would be difficult for one right holder in one Member State to generate enough material for a viable operation of this kind. Right holders reported that safety tests must be carried out before any recycling action (e.g. on textiles). These tests are very expensive, therefore recycling is not always economically viable.

Many right holders report challenges when faced with the destruction of counterfeit goods, in particular for specific categories of products such as cosmetics (e.g. perfumes), machinery used to manufacture the illicit goods, toys and lighters. The environmental aspects of the destruction of counterfeit goods should be tackled as part of broader discussions on waste recycling carried out at EU level.

⁽³⁵⁾ Discussions are ongoing in the relevant fora (DG TAXUD) to precisely define the owner of such waste.

7 Conclusions

Available data only allows for a partial estimation of the costs incurred for storage and destruction at EU level, namely for the storage and destruction of three categories of products seized by customs according to Regulation 608/2013.

This report shows that the estimated costs paid for storage and destruction by right holders for the three product categories (perfumes and cosmetics, clothing, and sport shoes) examined between 2018 and 2021 amounted to EUR 1.85 million.

In addition, the case example provided by one right holder of products seized and stored while awaiting judgement according to national criminal laws showed that costs borne by right holders can amount to several thousand euros over several years (9 years in this case). In most Member States however, right holders do not pay costs related to seizures by police within national territories. This example has no statistical value but simply illustrates a possible case.

These figures must be considered in conjunction with the limitations of the report. Due to the lack of available or workable data, some costs were left outside the scope of the study, in particular costs paid to various private service providers such as those outlined below.

- The company carrying out destruction usually requests a minimum charge, corresponding to one ton of counterfeits. It is likely that right holders do not reach this volume needed for a cost-effective destruction. This is sometimes solved by customs collecting counterfeits from several right holders until it has reached a critical level and then, together with the right holders, organising transport and destruction of the goods. While this might be a preferable solution in some cases, it can also lead to higher storage costs.
- Costs of expertise in relation to the detained goods to authenticate them or confirm whether they are fake are not included in this study. As foreseen by Regulation 608/2013, customs notify the detention of the goods to the right holder, who must confirm the counterfeit nature of the goods or not. In many cases, goods need to be physically inspected. This inspection is often carried out by companies or lawyers specialised in enforcement, leading to additional expenses for right holders.

- Costs of transportation from customs or police premises to the place of storage and/or destruction are not included in the present study. This transportation must be supervised and can only be organised according to the instructions of the law enforcement authority, thus requiring co-ordination and often a certain minimum volume. To perform this task, specialised private companies can be hired, at additional costs.

Apart from costs, several other considerations were highlighted during the interviews by the participating experts, from both the public and private sectors.

- Storage and destruction are handled differently according to customs procedures and criminal or civil procedures, which, moreover, are not harmonised at EU level. This situation increases challenges and costs for right holders. According to the right holders interviewed, hiring the services of specialised lawyers becomes thus almost mandatory to be able to enforce their IP rights efficiently.
- According to some right holders, information on the offers of the providers working with customs is not always publicly available and transparent.
- Applicable rules for the transportation of seized counterfeit goods within the EU to be stored and/or destroyed can, in some cases, prevent the optimisation of resources and costs. Destruction of goods seized on an EU scale, not only at national level as done today, could have a positive environmental impact.
- With more than 53 million counterfeit products seized in 2021 in the internal market, mainly by police, police officers in some Member States shared the concern that they must assume disproportionate responsibility for the costs of storage and destruction.
- Several right holders explained that the total costs, both official fees and additional costs mentioned earlier, together with the storage and destruction process, can prevent them from enforcing their rights, including for customs proceedings at import. No product infringing an IPR should be released into the EU. Stakes are even higher for some types of products posing a risk for health and safety.

While storage and destruction costs as such seem to be limited, the whole process, including other costs and the lack of harmonisation of procedures between Member States brings challenges for both enforcers and right holders. It clearly increases the costs of enforcing IPR within the EU.

Annexes

1 Annex I – Charges for storage and destruction by Member State – summary

Data was provided by Member States interviewed for the study. Prices were transmitted in 2022.

	Destruction costs VAT excluded														
	Austria	Belgium	Bulgaria	Croatia	Cyprus	Denmark	Finland	France	Germany	Greece	Hungary	Latvia	Malta	Netherlands	Spain
Textile	€ 215	€ 400	€ 400					€ 0.00	€ 655	€ 150	€ 400	€ 150		€ 380	€ 400
Electronics		€ 400	€ 400					€ 0.00	€ 655		€ 610			€ 450	€ 360
Cosmetics & Medication	€ 720	€ 600	€ 400					€ 0.00	€ 655	€ 1,200	€ 2,300	€ 500		€ 500	€ 0.60
Standard Fee			€ 400	€ 250	€ 275			€ 0.00	€ 655				€ 250		
Beverages	€ 800							€ 0.00							
Small Consignments	€ 0.00	€ 0.00	€ 0.00	€ 2.67	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 15	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
Dismantling								€ 0.00	€ 40						

	Storage costs & other costs VAT excluded														
	Austria	Belgium	Bulgaria	Croatia	Cyprus	Denmark	Finland	France	Germany	Greece	Hungary	Latvia	Malta	Netherlands	Spain
Customs	€ 0.36		€ 0.35		€ 0.43			€ 0.00				€ 0.41			
third-Party	€ 0.60	€ 0.55	€ 0.30	€ 1.50	€ 0.40	€ 0.89	€ 0.45	€ 1.00	€ 0.68	€ 0.70	€ 0.40	€ 0.75	€ 1	€ 1	€ 0.25
Small consignments	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 15	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00	€ 0.00
third-Party Handling fees	€ 12	€ 16	€ 10	€ 16	€ 12	€ 16.80	€ 10	€ 20	€ 14	€ 10.00	€ 12.00	€ 6.00	€ 20	€ 10	€ 15
Customs Supervision			€ 300			€ 0.00	103		€ 0.00						

Note: destruction costs are expressed per ton, except for cosmetics in Spain, which are expressed per item.

2 Annex II – Charges for storage and destruction by Member State – details

Data was provided by Member States interviewed for the study. Prices were transmitted in 2022.

2.1 Belgium

Belgium		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	450 m ² storage facility (constantly full). No third party involved in the storage of seized counterfeit goods. Many storage facilities offered by private businesses in the country. Cost of storage varies by location.	
Third-Party Warehouse facilities	EUR 0.55 per day	
Small consignment Procedures	EUR 0.00	
Customs Supervision charges	Details not disclosed.	
Third-party warehouse fee	EUR 16.00 handling fee for goods in and out per pallet.	

Belgium		Cost of destruction (charges exclude VAT)
Cosmetics & Medical products	EUR 600.00 per ton	
Electronics	EUR 400.00 per ton	
Textile	EUR 400.00 per ton	
Dismantling	Specific details not available	

Belgium	
Destruction of goods	No information available.
Methods of destruction	Shredding, crushing, and dismantling.
Recycling	Companies that destroy fake goods are urged to recycle all waste.
Waste disposal	Waste is incinerated except for hazardous goods, and the heat is used for heating in some residential areas (mainly from textile waste).

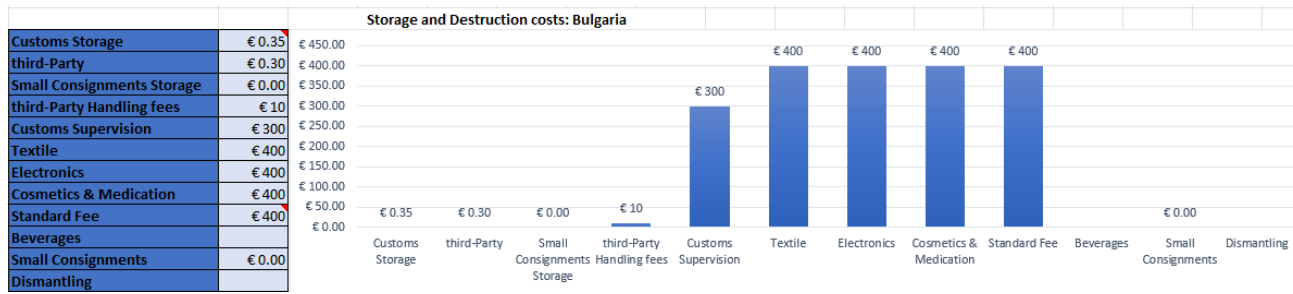


2.2 Bulgaria

Bulgaria	Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	<p>For the first 10 days:</p> <ul style="list-style-type: none"> EUR 0.35 m³ for <u>indoor storage</u> EUR 0.20 m² for <u>outdoor storage</u>. <p>After 20 days, the <u>fees double</u> and then treble.</p> <p>Customs agents cannot hold commodities for longer than 10 days. Customs is responsible for allocating third-party storage facilities.</p>
Third-Party Warehouse facilities	EUR 0.30
Small consignment Procedures	EUR 0.00
Customs Supervision charges	EUR 300.00 fee plus the hourly rate.
Third-party handling fee	EUR 10.00 handling fee for goods in and out per pallet.

Bulgaria	Cost of destruction (charges exclude VAT)
Standard rate	EUR 400.00 per ton for all types of goods.
Cosmetics & Medical products	EUR 400.00 per ton
Beverages	EUR 400.00 per ton
Textile	EUR 400.00 per ton
Dismantling	Specific details not available

Note: Bulgaria has a fixed destruction fee for all fake goods of EUR 400 per ton (standard rate).

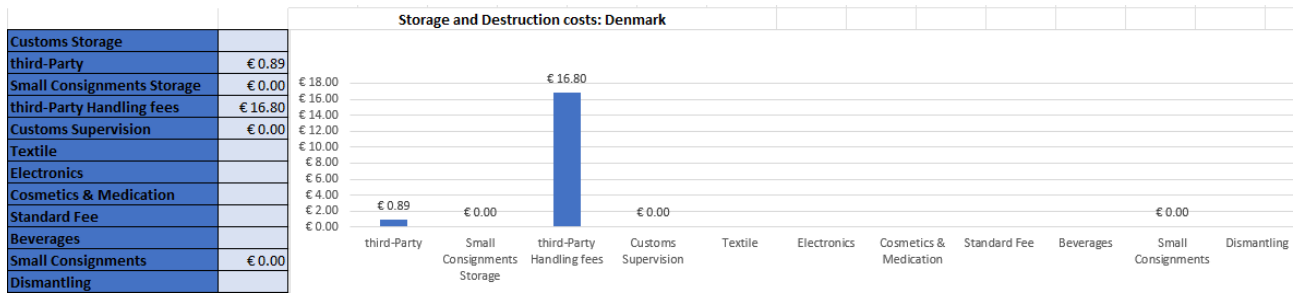


2.3 Denmark

Denmark		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	All small postal or courier consignments detained across the country are transferred to a new customs facility, where they are stored free of charge until destruction. Large shipments are stored at third-party storage facilities with contracts with customs; the company is responsible for collecting large consignments across the country and storing them.	
Third-Party Warehouse facilities	EUR 0.89	
Small consignment Procedures	EUR 0.00	
Customs Supervision charges	EUR 0.00	
Third-party handling fee	EUR 16.00 handling fee for goods in and out per pallet.	

Denmark		Cost of destruction (charges exclude VAT)
Cosmetics & Medical products	Information not provided	
Electronics	Information not provided	
Textile	Information not provided	
Dismantling	Information not provided	

Denmark	
Destruction of goods	Customs have a contract with a destruction company to streamline the procedure. Customs do not charge right holders for the supervision of the process.
Methods of destruction	Shredding and crushing.
Recycling	Waste is burned, and the heat is used for heating residential areas.
Waste disposal	Incineration.



2.4 Germany

Germany	Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	Containers with customs seals are used to move goods from one place to another.
Third-Party Warehouse facilities	EUR 0.68 per pallet per day
Small consignment Procedures	EUR 15.00
Customs Supervision charges	A customs supervision fee is applicable (figures not disclosed).
Third-party handling fee	Details not disclosed.

Germany	Cost of destruction (charges exclude VAT)
Standard rate/Household goods	EUR 655.00 per ton for the destruction of household goods.
Cosmetics & Medical products	Specific details not available.
Beverages	Specific details not available.
Textile	EUR 655.00 per ton
Dismantling	EUR 40.00

Germany	
Destruction of goods	For large consignments (e.g. three to four containers) customs may ask the right holder how they want the goods destroyed. Right holders can destroy hazardous materials if they have the relevant equipment.
Methods of destruction	Shredding and dismantling.
Recycling	Recycling is a requirement in Germany, but there is no obligation on the recycling methods.
Waste disposal	Information not provided.



2.5 Greece

Greece		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	All seized goods are stored in customs facilities. For goods seized of the port of Piraeus (Athens), right holders negotiate storage fees with the administrator of the free zone of the port. Storage fees are charged per box.	
Third-Party Warehouse facilities	EUR 0.70	
Small consignment Procedures	EUR 0.00	
Customs Supervision charges	Information not provided.	
Third-party handling fee	EUR 10.00 handling fee for goods in and out per pallet.	

Greece		Cost of destruction (charges exclude VAT)
Cosmetics & Medical products	EUR 1200.00 to EUR 1600.00	
Electronics	Information not provided.	
Textile	EUR 150.00 to EUR 300.00.	
Dismantling	No information available	

Greece	
Destruction of goods	Supervision fee (charges not disclosed).
Methods of destruction	Shredding.
Recycling	Some counterfeit goods, primarily, electrical items.
Waste disposal	Specific details not available.

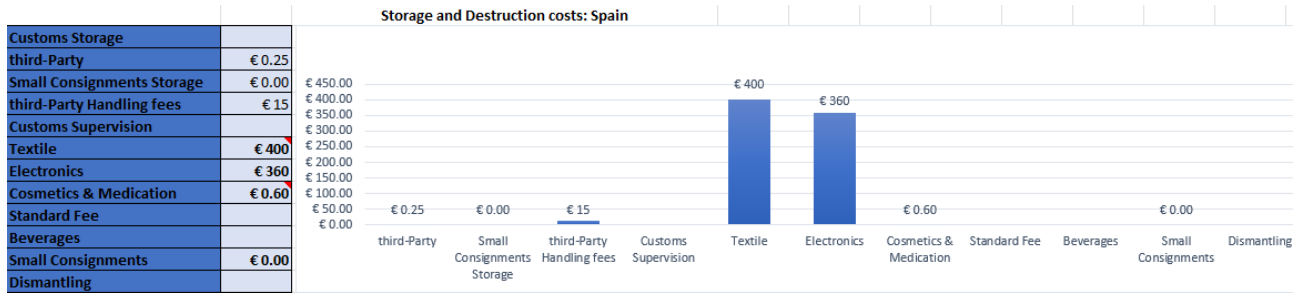


2.6 Spain

Spain		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	Detained goods must be stored in storage facilities accessible to customs.	
Third-Party Warehouse facilities	EUR 0.25	
Small consignment Procedures	EUR 0.00	
Customs Supervision charges	Specific details are not available.	
Third-party handling fee	EUR 15.00 handling fee for goods in and out per pallet.	

Spain		Cost of destruction (charges exclude VAT)
Standard Rate		
Cosmetics & Medical products	EUR 0.60 per unit, regardless of weight.	
Electronics	EUR 360.00 per ton	
Textile	EUR 400.00 per ton.	
Dismantling	Information not available.	

Spain	
Destruction of goods	Goods are destroyed at the expenses of customs if neither party (right holder whose IPR has been infringed and declarant of the seized goods) responds.
Methods of destruction	Incineration, mutilation, burial, shredding, and guillotine cutting.
Recycling	Recycling is encouraged in Spain.
Waste disposal	Specific details not available.

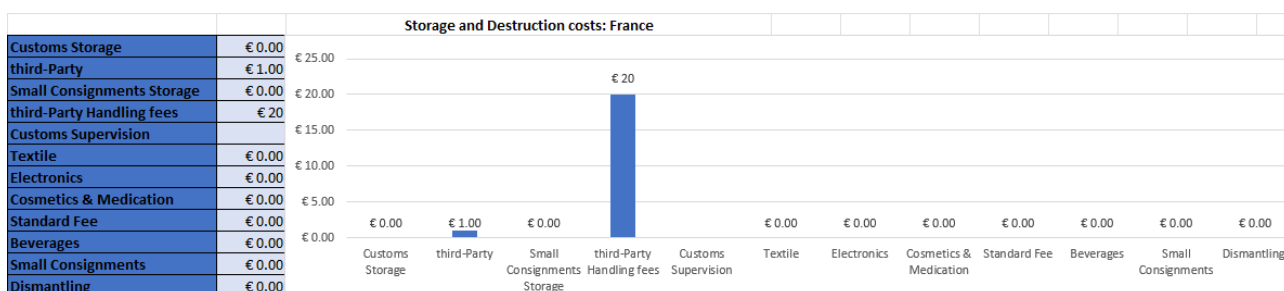


2.7 France

France		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities		Detained items are stored at the point of entry, and customs department should provide a storage facility. Customs pay for the transportation of goods to storage and destruction facilities. Regional customs departments have contracts with specialised warehouse companies to facilitate the storage of specific goods. No storage fee for goods detained in customs facilities.
Third-Party Warehouse facilities		EUR 1.00
Small consignment Procedures		EUR 0.00
Customs Supervision charges		Specific details not available.
Third-party handling fee		EUR 20.00 handling fee for goods in and out per pallet.

France		Cost of destruction (charges exclude VAT)
Standard Rate		Customs pays for the destruction of goods.
Cosmetics & Medical products		EUR 0.00
Electronics		EUR 0.00
Textile		EUR 0.00
Dismantling		No information available

France	
Destruction of goods	No supervision fee charged by customs. Regional customs have contracts with destruction companies, registered with the waste management department.
Methods of destruction	Incineration, shredding, and disassembly.
Recycling	Recycling is encouraged, depending on the nature of the waste.
Waste disposal	Specific details not available.



2.8 Croatia

Croatia		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities		Large shipments rarely stored at customs facilities because of lack of space. Large consignments can be held in customs facilities free of charge only when subject to the customs processes.
Third-Party Warehouse facilities		EUR 1.50
Small consignment Procedures		EUR 0.00
Customs Supervision charges		There is a fixed fee and an hourly rate of EUR 15.00 (fixed fee not disclosed).

Croatia		Cost of destruction (charges exclude VAT)
Standard fees		Depending on the product type, destruction fees range from EUR 250.00 to EUR 750.00 plus EUR 0.55 per kg.
Cosmetics & Medical products		Specific details not available.
Electronics		Specific details not available.
Textile		EUR 250.00 per ton plus EUR 0.55 per kg.
Dismantling		Specific details not available.

Croatia	
Destruction of goods	Right holders may bring mobile destruction machine to customs facilities for destruction. A specific customs unit organises the destruction of the goods within the scope of criminal IPRs enforcement.
Methods of destruction	Shredding, crushing and incineration.
Recycling	All waste from non-EU goods is subject to customs duties and are used as raw material for manufacturing other products.
Waste disposal	Remaining residues are incinerated.

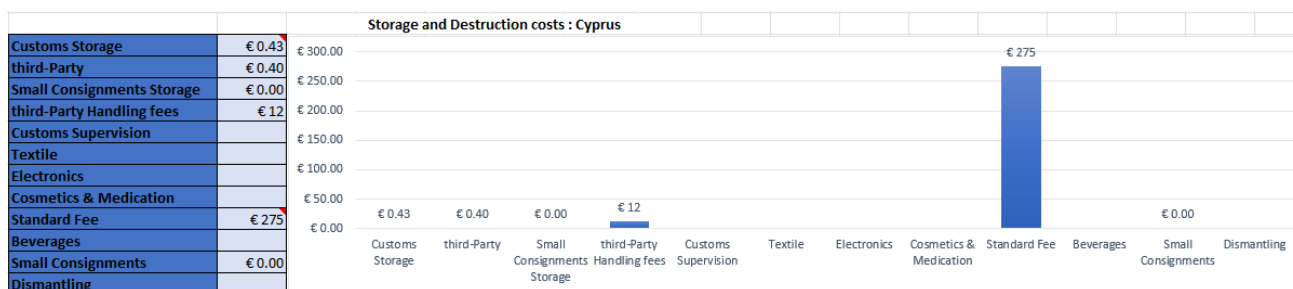


2.9 Cyprus

Cyprus		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	All counterfeit goods are detained in customs facilities. Storage fees: <ul style="list-style-type: none"> • EUR 0.43 per day for items up to 1 000 kg • EUR 0.85 for products exceeding 1 000 kg. Customs pays the transport costs.	
Third-Party Warehouse facilities	EUR 0.40	
Small consignment Procedures	EUR 0.00	
Customs Supervision charges	Specific details not available.	
Third-party handling fee	EUR 12.00 handling fee for goods in and out per pallet.	

Cyprus		Cost of destruction (charges exclude VAT)
Standard Rate	EUR 275.00 per ton for the destruction of all products and a minimum charge of EUR 25.00 for up to 100 kg.	
Cosmetics & Medical products	EUR 275.00 per ton	
Electronics	EUR 275.00 per ton	
Textile	EUR 275.00 per ton	
Dismantling	No information available	

Cyprus	
Destruction of goods	Supervision fee (charges not disclosed).
Methods of destruction	Shredding.
Recycling	Only authorised recyclers. Waste is subject to customs taxes.
Waste disposal	Specific details not available.

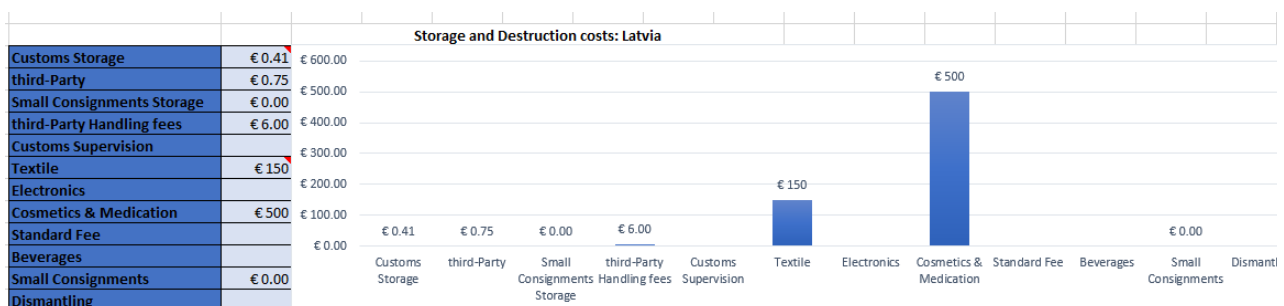


2.10 Latvia

Latvia		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities		EUR 8.89 per month per m ² (EUR 0.41 per day). Minimum fee applies (1 m ²). Section 19 of Cabinet Regulation N° 468 stipulates that the right holder is obliged to cover the costs of storages of seized goods in the premises of the State Revenue Service. Customs inspectors are not required to supervise the transportation of goods to a third-party storage facility.
Third-Party Warehouse facilities		EUR 0.75
Small consignment Procedures		EUR 0.00
Customs Supervision charges		Specific details are not available.
Third-party handling fee		EUR 6.00 handling fee for goods in and out per pallet.

Latvia		Cost of destruction (charges exclude VAT)
Standard Rate		Information not provided.
Cosmetics & Medical products		EUR 500.00 per ton
Electronics		Details not specified.
Textile		Destruction of textiles ranges from EUR 150.00 to EUR 200.00 per ton.
Dismantling		Information not provided.

Latvia	
Destruction of goods	Information not provided.
Methods of destruction	Shredding and crushing.
Recycling	Recycling is encouraged, depending on the nature of the waste.
Waste disposal	Specific details not available.



2.11 Hungary

Hungary		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	Seized goods stored in customs facilities, except for hazardous products. Large shipments are subject to a storage fee.	
Third-Party Warehouse facilities	EUR 0.40	
Small consignment Procedures	EUR 0.00	
Customs Supervision charges	Supervision fee (figures not disclosed) plus EUR 6.10 (HUF 2 500) per hour per officer.	
Third-party warehouse fee	EUR 12.00 handling fee for goods in and out per pallet.	

Hungary		Cost of destruction (charges exclude VAT)
Small consignments	Destruction companies charge a flat rate of EUR 55.00 for the destruction of small consignments up to 20 kg. Most postal shipments are destroyed at the point of entry free of charge.	
Cosmetics & Medical products	EUR 2 300.00 per ton	
Electronics	EUR 610.00 per ton	
Textile	EUR 400.00 per ton	
Dismantling	Specific details not available.	

Hungary	
Destruction of goods	Customs authorities are responsible for the destruction of counterfeit goods on entry.
Methods of destruction	Shredding and crushing. Textiles and clothing found in small consignments are destroyed manually (e.g. with scissors).
Recycling	Metal is always recycled.
Waste disposal	Incineration.



2.12 Malta

Malta		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities		All detained containers are stored in customs facilities; warehouse charges are not disclosed.
Third-Party Warehouse facilities		For storage, third-party warehouse providers charge EUR 1.00 per cubic metre per day.
Small consignment Procedures		EUR 0.00
Customs Supervision charges		Customs supervision fee is applicable, but figures are not disclosed.
Third-party Warehouse handling fee		Third-party warehouse providers charge EUR 20.00 handling fee for goods in and out per pallet.
Third-party transport fee		EUR 100.00 per trip to transport goods from the arrival docks to customs facilities. EUR 96.00 for loading and unloading. EUR 200.00 to convey goods from customs facilities to destruction facilities.

Note: customs officials, in partnership with mobile IPRs task forces, can seize goods from shops and marketplaces within the national territory and not only at the borders.

Malta		Cost of destruction (charges exclude VAT)
Standard rate		EUR 250.00 per ton
Cosmetics & Medical products		Information not provided.
Beverages		Information not provided.
Textile		Information not provided.
Disposal		General waste is charged EUR 0.04 per kg, with a disposal fee of EUR 0.50 per kg.

Malta	
Destruction of goods	The right holders cannot choose how goods are destroyed. Only hazardous goods are shipped to other EU Member States for destruction.
Methods of destruction	Shredding and crushing.

Recycling	Counterfeit goods can be recycled, depending on the type of goods or waste.
Waste disposal	Information not provided.



2.13 The Netherlands

Netherlands		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	Goods are stored in customs inspection facilities during the investigations.	
Third-Party Warehouse facilities	EUR 1.00	
Small consignment Procedures	EUR 0.00	
Customs Supervision charges	Fixed fee plus EUR 24.00 per every 30 minutes	
Third-party handling fee	EUR 10.00 handling fee for goods in and out per pallet.	

Netherlands		Cost of destruction (charges exclude VAT)
Cosmetics & Medical products	EUR 500.00 per ton	
Electronics	EUR 450.00 per ton	
Textile	EUR 380.00 per ton	
Dismantling	Specific details not available.	

Netherlands	
Destruction of goods	Dutch customs have a contract with a private party to store and destroy detained counterfeit goods.
Methods of destruction	Shredding and crushing.
Recycling	Waste is not subject to VAT and is considered worthless.
Waste disposal	Incinerated.

Note: A third party collects detained goods from customs and business facilities within the national territory and reports the procedure to the right holder (inventory list and invoice for destruction). The provider, a semi-public body, offers these services only for right holders that are members of the association of the provider. Dutch customs have suggested that the services of this body could be used to destroy small consignments infringing IPR also from right holders that are not members of the association. No decision on this point had been taken at the time of publication of this report.



2.14 Austria

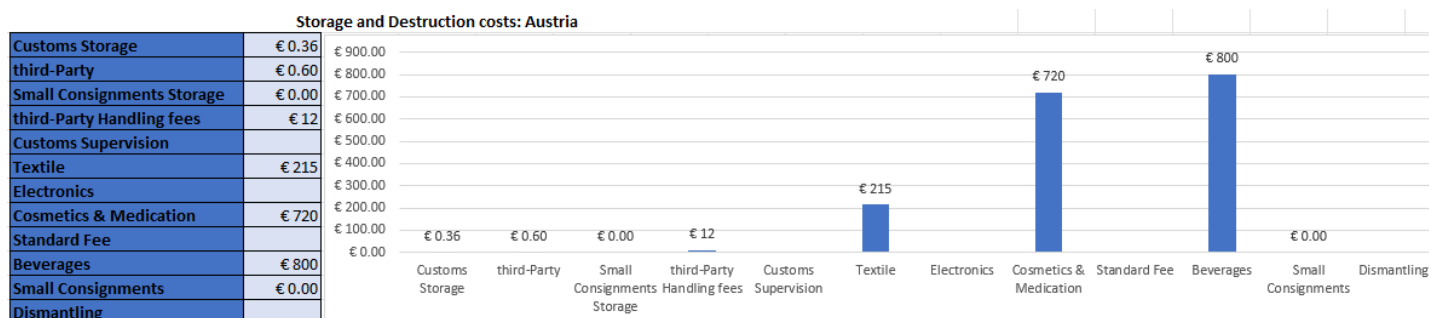
Austria	Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	<p>Large shipments stored in customs facilities are subject to storage fees of:</p> <ul style="list-style-type: none"> • EUR 0.36 for indoor storage per 100 kg • EUR 0.36 for outdoor storage per square metre. <p>Customs have a budget for counterfeit goods that can be used to cover storage and destruction costs. Most funds are utilised for the storage and destruction of smuggled goods, among them counterfeit goods.</p>
Third-Party Warehouse facilities	EUR 0.60
Small consignment Procedures	EUR 0.00
Customs Supervision charges	Customs supervision fee is applicable (figures not disclosed).
Third-party handling fee	EUR 12.00 handling fee for goods in and out per pallet.

Note: The destruction of textiles falls under household goods.

Austria	Cost of destruction (charges exclude VAT)
Household goods	EUR 215.00 per ton
Cosmetics & Medical products	EUR 720.00 per ton
Beverages	EUR 800.00 per ton
Textile	Details not available

Dismantling	Details not available
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Austria	
Destruction of goods	Right holders can destroy goods under specific circumstances in their own premises. A permit is required, particularly for hazardous goods, and waste. Companies allowed to destroy goods must be registered with the waste management department.
Methods of destruction	Incineration, shredding and crushing.
Recycling	Goods can be recycled, depending on the type of waste.
Waste disposal	Incineration.



2.15 Finland

Finland		Cost of storage – Daily rate (charges exclude VAT)
Customs Facilities	No storage space for large shipments. Small consignments (postal, courier, and passenger goods) suspected of violating IPRs can be stored in customs warehouses or courier storage rooms controlled by customs at the port of entry.	
Third-Party Warehouse facilities	EUR 0.45 per day plus EUR 10.00 handling fees per pallet (goods in and goods out).	
Small consignment Procedures	EUR 0.00	
Customs Supervision charges	EUR 103.00 plus EUR 0.30 per km	

Finland		Cost of destruction (charges exclude VAT)
Standard fees	Information not provided	
Cosmetics & Medical products	Information not provided	

Electronics	Information not provided
Textile	Information not provided
Dismantling	Information not provided

Finland	
Destruction of goods	Counterfeit goods seized in transit are destroyed at the State’s expenses. Costs are born by the State if law enforcers destroy counterfeit items in the frame of criminal investigations. When a civil court orders the destruction of belongings, the offender is responsible for all costs.
Methods of destruction	Shredding and crushing.
Recycling	Every type of garbage is subject to customs taxes and is used as raw material to make other goods. The heat produced by waste incineration is used for residential areas.
Waste disposal	Incineration.



3 Annex III – Questionnaire for customs

These questions were asked during online interviews with representatives of customs from 15 EU Member States and later completed by the interviewees in written form.

Data was used to estimate storage and destruction costs of goods suspected of infringing an IPR and seized in the frame of customs proceedings.

- A) When you seize counterfeited goods do you store the goods at your own facilities?
- a) If so, does the right holder have to pay and how much per unit (Kg, m³)? Is there an official site where the prices can be found?
 - b) If not, can the right holder choose where to store the goods?
 - c) Is there an official list of approved storage companies?
 - d) Does the right holder pay directly to the storage company?
 - e) How much does it cost per unit (Kg, m³)?
 - f) If no answer, do you have contact details?
 - g) If the goods need to be transported who pays for the transport and how much?
- B) When seized counterfeited goods are to be destroyed, do customs have their own destruction facilities?
- a) If so, does the right holder pay and how much per unit? Is there an official site where the prices can be found?
 - b) If not, do you have a contract with several destruction sites depending on material?
 - c) Is there an official list of approved destructions companies?
 - d) Do prices vary depending on the types of goods? Can you give us the price for the 10 most common products?
 - e) If the goods need to be transported to a destruction site who pays for the transport and how much?
 - f) Can the right holder choose a destruction site?
- C) What is the most common way of destruction?

- D) Are goods destroyed in an environment friendly way?
- E) If seized goods can be destroyed in a more environment friendly way in another Member State, would it be possible to transport it to that site?
- F) Can counterfeited seized goods be recycled and if so how and where?
- G) Can right holders decide on how to destroy the seized goods?