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Mapping international counterfeit trade routes across the globe

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Smugglers of counterfeit goods are using Hong Kong, the United Arab Emirates (UAE) and Singapore as their main global trading hubs, importing container loads of fake goods, which will then travel on by post or courier services, according to a <u>new report</u> by the European Union Intellectual Property Office (EUIPO) and the Organisation for Economic Co-operation and Development (OECD).

The report finds that several locations in the Middle East — including the UAE, Saudi Arabia, and Yemen — are key transit points for sending fake goods to Africa. Four transit points — Albania, Egypt, Morocco and Ukraine — are used for introducing fakes into the European Union, and Panama is an important transit point for counterfeit goods en route to the United States.

Around three quarters of counterfeit products are transported by sea, with courier services and regular post emerging as common ways of moving smaller counterfeit items. Shipments of less than ten items accounted for 43 % of all counterfeit shipments in 2013.

Most counterfeit goods in nine out of the ten key economic sectors analysed, most counterfeit goods were produced in China. Several Asian economies — such as India, Thailand, Turkey, Malaysia, Pakistan, and Viet Nam — are important producers in many sectors, although their role is far less significant than China's. In addition, Turkey appears to be an important producer of fake goods in certain sectors — such as leather goods, foodstuffs and cosmetics — which are then sent to the EU.

The ten sectors analysed in the report represent more than half the total estimated trade in fake goods worldwide at a value of more than EUR 208 billion in 2013. They are: fake foodstuffs; fake pharmaceutical products; fake perfumery and cosmetics; fake leather articles and handbags; fake clothing and fabrics; fake footwear; fake jewellery; fake electronics and electrical equipment; fake optical, photographic and medical equipment; and fake toys, games and sports equipment.



The Executive Director of the EUIPO, António Campinos said:

OECD

"This research shows the depth and breadth of international trade routes in counterfeit and pirated goods across the world. Our past studies have shown that practically any product or brand can be counterfeited — this report highlights the ways in which fake goods can be transported from one corner of the globe to the other."

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The OECD Director of Public Governance, Rolf Alter, said:

"Generating immense benefits worldwide, globalization is unfortunately also associated with opportunities for criminal networks to profit from illicit trade in counterfeit goods at the expense of consumers, companies and governments. The only response is closer collaboration between national customs departments, lawenforcement agencies, international organisations, business and consumers."

The report was presented at the IP Enforcement Summit, organised by the German Federal Ministry of Justice and Consumer Protection, the European Commission and the European Union Intellectual Property Office (EUIPO). A <u>second situation report</u> into counterfeiting in Europe prepared by the EUIPO and Europol, the EU's Agency for law enforcement cooperation, was also presented at the Summit.

This report establishes that organised criminal groups are involved in IPR crime. It also finds that EU-based criminal gangs involved in distributing counterfeit goods rely predominantly on manufactures from abroad, but themselves organise the importation, transportation, storage and distribution of the counterfeit goods within the EU. The majority of counterfeit goods come from China: the development of the Silk Road and the corresponding increase in the use of rail and maritime transport between China and the EU constitute further new threats in the IPR crime landscape.

Some counterfeiters, however, manufacture directly within the EU's borders, using fake labels and packaging imported from outside the EU.

Counterfeit goods are increasingly distributed through online marketplaces. Products sold on the internet are usually distributed in small parcels via postal and express freight services, often directly to customers, and the growing role of technology in IPR crime has been noted.

Rob Wainwright, Europol's Executive Director, said:

"Intellectual property crime is extensive in the EU and carries very many adverse effects. It harms our economies, generates enormous illicit profits for organised crime groups, and often causes direct physical harm to citizens in the form of the growing supply of fake health and safety goods. This report shines a light on the extent of this criminal phenomenon and calls for more concerted, cross-border action in response."



Note to editors

The **European Union Intellectual Property Office** (EUIPO) is a decentralised agency of the EU, based in Alicante, Spain. It manages the registration of the European Union trade mark (EUTM) and the registered Community design (RCD), both of which provide intellectual property protection in all 28 EU Member States, as well as carrying out cooperation activities with the national and regional IP offices of the EU.

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More information on the Organisation for Economic Cooperation and Development (OECD)

More information on Europol

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