

## **Trade in counterfeit goods and free trade zones**

An extra free trade zone within an economy increases the value of counterfeit goods exported from that country by 5.9%.

That's according to a new report released today by the European Union Intellectual Property Office (EUIPO) and the Organisation for Economic Co-operation and Development (OECD).

Today's research complements a 2016 study from the EUIPO and the OECD which estimated the value of counterfeit products to be 2.5% of world trade – up to EUR 338 billion.

There are over 3 500 free trade zones in the world. Free trade zones are special economic areas which are often, but not always, set up around ports. Taken together, free trade zones employ 66 million people and generate over EUR 365 billion (USD 500 billion) in direct trade-related added value.

These zones offer benefits based on their physical location, specialised infrastructure and liberal regulatory regimes, and bring real advantages for businesses and host countries. However, due to light regulation and reduced custom controls, free trade zones are also attractive locations for parties engaged in illegal and criminal activities.

Using data from free trade zones across the globe, as well as data on customs seizures at international level, the report shows that the larger the role of free trade zones in a country's economy (whether measured by the number of such zones or the number of people employed in them), the greater the value of fake products that the country exports.

In the European Union, these counterfeit products amount up to 5% of all EU imports, worth up to EUR 85 billion, according to the [EUIPO-OECD study "Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact"](#) released in April 2016.

Today's study follows a second EUIPO/OECD [joint report released in June 2017](#) which mapped counterfeit trade routes across the globe, highlighting the importance of four transit points, Albania, Egypt, Morocco and Ukraine, which are used to introduce fakes into the European Union.

The Executive Director of the EUIPO, António Campinos said:

Through our reporting work we have already shown that the international trade in counterfeit and pirated products represents up to 2.5% of world trade – up to EUR 338 billion. Today's report takes that analysis a step further. We hope these findings will support governments and policy-makers in assessing and tackling the economic damage that counterfeiting and piracy create across the world.

The data analysed in the report was supplied by the World Trade Organization, the World Customs Organization, the European Commission's Taxation and Customs Union Directorate General and the United States Customs and Border Protection.

#### **NOTE TO EDITORS:**

Today's report, released through the European Observatory on Infringements of Intellectual Property Rights, is the third in a series of studies on the international trade in counterfeit and pirated goods produced by the EUIPO and the OECD. The first, [Mapping the Economic Impact](#), showed that international trade in counterfeit and pirated products represents up to 2.5% of world trade (EUR 338 billion), or up to 5% of all EU imports (EUR 85 billion). The second, [Mapping the Real Routes of Trade in Fake Goods](#), tracked the routes of counterfeit and pirated goods around the world, from provenance economies and through transit points.

#### **ABOUT THE EUIPO:**

The 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. The EUIPO hosts the [European Observatory on Infringements of Intellectual Property Rights](#), and organises [the DesignEuropa Awards](#).

#### **ABOUT THE OECD:**

More information on the Organisation for Economic Cooperation and Development ([OCDE](#))

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