

Foreword

The broadening scope and magnitude of counterfeiting and piracy, and counterfeit trade in particular, are key challenges in the global economy, which is increasingly innovation-driven. The economic threat that these practices pose undermines innovation and hampers economic growth, while generating adverse health, safety and security effects for governments, businesses and consumers. Organised criminal groups are playing an increasingly important role in these activities, benefiting significantly from profitable counterfeiting and piracy operations.

The current study was conducted jointly by the OECD and the EU Intellectual Property Office (EUIPO), in order to provide policy makers with robust empirical evidence about this threat. As shown by the 2016 OECD-EUIPO report *Trade in Counterfeit and Pirated Goods: Mapping the Economic Impact*, trade in counterfeit and pirated goods amounted to up to 2.5 % of world trade in 2013, and that it was even higher when considering only the EU, where it amounted to up to 5 % of imports.

The analysis carried out in 2016 also found that parties that engage in the trade in counterfeit and pirated products tend to ship them via complex trade routes. To complement that analysis, this report looks at the issue of origin of fake goods by industry, identifying both the economies that produce the goods and those that serve as transit points in trade.

The analysis shows that China is the top producer of counterfeit goods in nine out of ten analysed product categories, while Hong Kong (China), United Arab Emirates and Singapore are global hubs for trade in counterfeit goods. The analysis also uncovers a large number of regional and sector-specific patterns.

This report builds on two equally valid policy concerns. The first is the impact of crime and illicit trade activities on good governance, public safety and the rule of law. The second is the negative effect that counterfeit trade has on legitimate competitive advantage of rights holders, and consequently on innovation, employment and long-term economic growth.

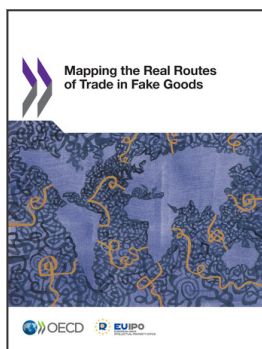
At the OECD, this study was conducted in the context of the Task Force on Countering Illicit Trade (TF-CIT), of the High Level Risk Forum that focuses on evidence-based research and advanced analytics to assist policy makers in mapping and understanding the market vulnerabilities exploited and created by illicit trade.

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