



Physical marketplaces

Conference

Combatting counterfeiting and piracy in South-East Asia

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Reports and studies

[OECD – EUIPO - Trends in Trade in Counterfeit and Pirated Goods \(2020\)](#)

[OECD - EUIPO - Misuse of Small Parcels for Trade in Counterfeit Goods, Facts and Trends \(2018\)](#)

[OECD - EUIPO - Trade in Counterfeit Goods and Free Trade Zones \(2018\)](#)

[OECD - EUIPO - Why do countries export fakes? \(2018\)](#)

[OECD – EUIPO - Mapping the real routes of trade in fake goods \(2017\)](#)

[EUIPO – EUROPOL - Intellectual Property Crime Threat Assessment report \(2020\)](#)

[EUIPO 2020 Status Report on IPR Infringement](#)

[WCO - Illicit Trade Report 2019 \(2020\)](#)

[TAXUD - Report on the EU customs enforcement of intellectual property rights \(2020\)](#)

EUROPOL - Viral Marketing, counterfeits, substandard goods and intellectual property (IP) crime in the COVID-19 pandemic (2020)

OECD – EUIPO - Trade in counterfeit pharmaceutical products (2020)



General trends

- **Organised crime** groups
- IP crime is **linked to other types of crime**
- Surge in **new types of fakes**: Unproven treatments, test kits and medical equipment and supplies, e.g. masks, ventilators, or gloves, have flooded the European market
- **Complex trading routes**, exploiting a set of intermediary transit points
- The role of **free trade zones**: An additional FTZ within an economy is associated with a 5.9% increase in the value of these problematic exports on average
- **China** is the top producer of counterfeit goods
- Hong Kong (China), Singapore and the United Arab Emirates (UAE) are the top **transit countries** of counterfeits globally



OECD Recommendation on Free Trade Zones

Free trade zones (FTZs)

- **Incentives for undertakings** (less customs duties to attract investments)
- **Low regulatory environment** and the proper enforcement is missing
- Free trade zones play an **essential role in counterfeiting** (OECD-EUIPO data)
- **criminal networks** establish trading hubs and transshipment points in FTZs
- **disguise the country of origin**: manufacturing, storing, assembling, exporting, re-exporting, relabelling and repackaging of fake goods



OECD Recommendation on Free Trade Zones

- **2 pillars:** (1) for governments (2) for FTZ operators
- **Increasing transparency standards** for FTZ operators
- **Urging governments' customs to focus more on FTZs**
- **Ensuring adequate levels of oversight and control of FTZ by customs**
- **Encouraging FTZ operators to comply with a Code of Conduct**
- Future **diagnostic tool** (for the assessment of the performance of FTZ and their compliance with the Code of Conduct)



Watch List – List

- More than 50 marketplaces listed
- Reported by industries selling clothes, fashion accessories, shoes, phone accessories, cosmetics, beauty supplies, electronic appliances, jewellery and watches
- Free trade zones, street markets, bazars, shopping malls
- Wholesale and retail
- Clandestine, legal, tourist attractions
- Factories and distribution centres in the neighbourhood



Weaknesses

- Not a priority to fight against counterfeiting in SEA countries
- Landlord's liability is missing
- Local enforcement authorities do not have enough capacities
- Low level of awareness of the damage caused by counterfeiting to lawful businesses
- No deterrent sanctions
- No effective civil enforcement measures (e.g. no empowerment for courts to order to destruction of counterfeit goods in civil proceedings)



Watch List – Objectives

- Urge the landlords of the marketplaces to make efforts
 - to cooperate closer with brand owners and the enforcement authorities
 - to improve their toolbox to tackle IPR infringements
- Urge third countries to take steps to reduce counterfeiting on these marketplaces (police raids, more seizures, capacity building, etc.) and to improve their toolbox against IPR infringements and to join the OECD Recommendation
- Trade negotiations, IPR dialogues, WGs: civil and border enforcement provisions



Thank you very much!

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