

PRESS RELEASE

Impacts of counterfeiting and piracy to reach US\$1.7 trillion by 2015

Paris, 2 February 2010 – A new report released today by the International Chamber of Commerce (ICC) indicates that the global economic and social impacts of counterfeiting and piracy will reach US\$1.7 trillion by 2015 and put 2.5 million legitimate jobs at risk each year. The report was launched at the 6th Global Congress on Combating Counterfeiting and Piracy, during a panel session on economic impacts.

The report updates a ground breaking 2008 report by the Organization for Economic Cooperation and Development (OECD) that showed more than US\$250 billion in counterfeit and pirated goods move through international trade alone. The revealing ICC study not only brings the estimates up to date but also examines additional impacts not quantified in the OECD report. These include the value of domestically produced and consumed counterfeit products, the value of digital piracy, and the negative impacts on society, governments and consumers.

“By filling in the gaps left by the OECD, we have been able to paint a more comprehensive picture of the negative economic and social impacts of counterfeiting and piracy,” said Jeffrey Hardy, Coordinator of the ICC Business Action to Stop Counterfeiting and Piracy (BASCAP) initiative. “This additional data is important because it provides policymakers with better information on how counterfeiting and piracy undermine innovation, economic growth and employment. It better equips them to make the fight against IP theft a higher public policy priority and take the actions needed to stop counterfeiting and piracy.”

The report reveals that based on 2008 data, the total global economic and social impacts of counterfeit and pirated products are as much as US\$775 billion every year. This includes impacts of lost tax revenue and higher government spending on law enforcement and health care. The figure is estimated to more than double to US\$1.7 trillion by 2015, due in part to rapid increases in physical counterfeiting and piracy as measured by reported customs seizures and greater worldwide access to high speed Internet and mobile technologies.

The report shows that international trade in fakes currently accounts for more than half of counterfeiting and piracy, and could grow to as much as US\$960 billion by 2015. Domestic production and consumption will account for between US\$370 billion and US\$570 billion, and digitally pirated music, movies and software for as much as US\$240 billion in 2015.

“The report shows that in an interconnected economy, consumers and governments suffer alongside legitimate businesses from the trade in counterfeits,” said Damien O’Flaherty, Senior Associate at Frontier Economics, the internationally recognized consulting firm that produced the report. “Our objective is to as accurately as possible characterize the magnitude and growth of this illegal underground economy and its impacts on governments and consumers.”

“The unchecked growth of counterfeiting and piracy already has created an enormous drain on the global economy,” Mr Hardy said. “This illegal business activity deprives governments of revenues for vital public services, forces higher burdens on tax payers, dislocates hundreds of thousands of legitimate jobs and exposes consumers to dangerous and ineffective products.”



International Chamber of Commerce

The world business organization

An ICC initiative

BASCAP

Business Action to Stop
Counterfeiting and Piracy

The report notes that counterfeiters and pirates operate outside the law, which makes estimating the extent of counterfeiting and piracy and the harm these activities cause extremely challenging. Illegal businesses do not report information on their activities to any government agency so measuring their size must be done using indirect methods.

“No one report or approach will yield a complete picture or provide all the answers but we’ve attempted to examine the measurement of this illegal activity in a more comprehensive way than has been done to date, and to develop methodologies that others can now use for more completely and accurately estimating the economic and social impacts of counterfeiting and piracy,” Mr O’Flaherty said.

Mr Hardy added: “BASCAP is committed to learning from as many sources of expertise as possible because we believe that reliable information on the scope and impacts of counterfeiting and piracy is critical for helping policymakers better understand that the trade in fake goods is damaging their economies, threatening the health and safety of their citizens and stifling innovation and creativity.”

To read the full report, please visit: <http://www.iccwbo.org/bascap/index.html?id=40991>

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About BASCAP

The drain on businesses and the global economy from counterfeit goods and piracy of intellectual property is of great concern to ICC member companies worldwide. Business Action to Stop Counterfeiting and Piracy (BASCAP) is an ICC initiative that unites the global business community across all product sectors to address issues associated with intellectual property theft and to petition for greater commitments by local, national and international officials in the enforcement and protection of intellectual property rights. Visit: www.iccwbo.org/bascap



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About the International Chamber of Commerce

The International Chamber of Commerce is the largest, most representative business organization in the world. Its hundreds of thousands of member companies in over 120 countries have interests spanning every sector of private enterprise.

A world network of national committees keeps the ICC International Secretariat in Paris informed about national and regional business priorities. More than 2,000 experts drawn from ICC's member companies feed their knowledge and experience into crafting the ICC stance on specific business issues.

The United Nations, the World Trade Organization, the G20 and many other intergovernmental bodies, both international and regional, are kept in touch with the views of international business through ICC.

For more information please visit: www.iccwbo.org

About Frontier

Frontier Economics Limited is a specialist economics consultancy that uses economic principles and tools to provide practical solutions to complex problems. Frontier was formed in 1999 and now has over 80 permanent, full-time consulting staff in London, Dublin, Brussels, Cologne and Madrid. Frontier Economics Limited is one of the largest specialist economic consulting firms in Europe. Together with Frontier Economics Pty located in Melbourne and Sydney, Frontier works globally for senior decision-makers in business and government.

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