European Commission
Taxation and Customs Union

SUMMARY OF COMMUNITY CUSTOMS ACTIVITIES ON COUNTERFEIT AND PIRACY

RESULTS AT THE EUROPEAN BORDER - 2006

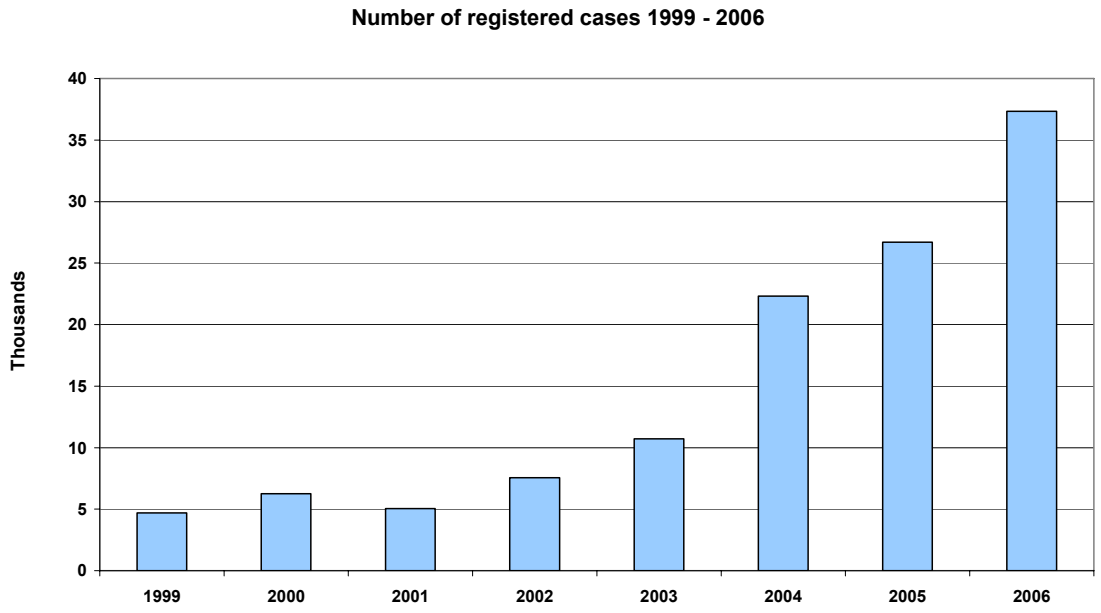
Seizures by customs of goods infringing IPR

General overview

The statistics for 2006 show that the number of cases taken by customs involving goods infringing intellectual property rights, as well as the number of articles seized have increased dramatically, since last year. In 2006, customs intercepted more than 128 million counterfeit and pirated articles, involving 37.334 cases.

Compared to last year's figures, where customs seized 75 million articles involving 26,000 cases, this represents an enormous increase of the goods seized, as well as the customs activities in this area.

Fig. 1. Number of registered cases 1999-2006



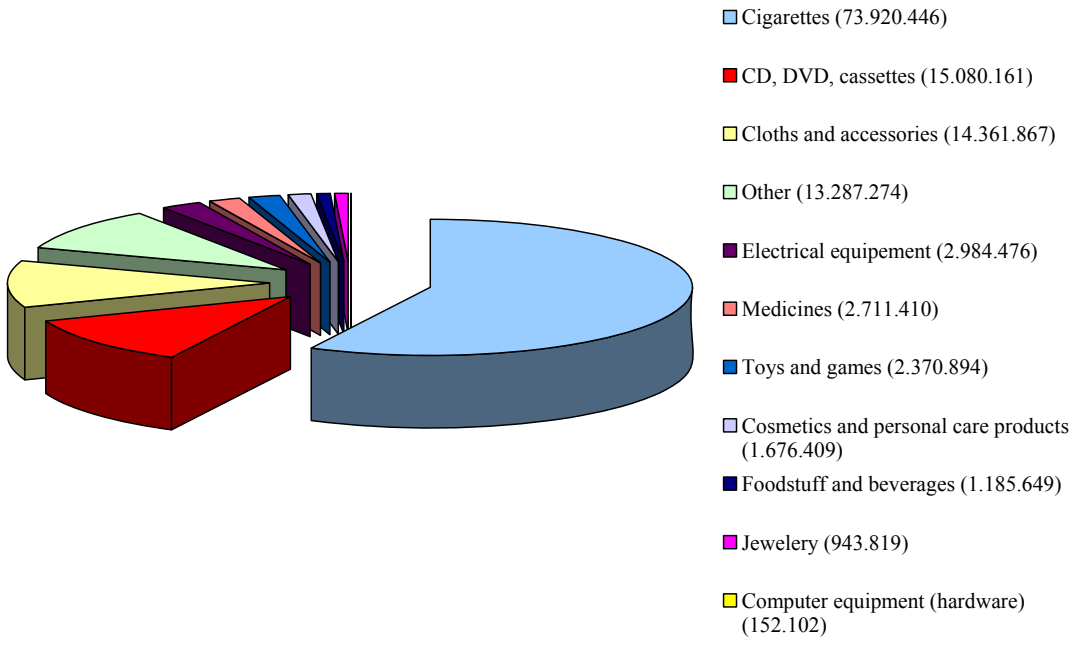
The 2006 statistics show an increase in most sectors of goods. Particularly worrying is the increase in medicines and products for personal care, as these products could potentially harm the health and safety of consumers.

The more traditional sectors of counterfeit goods, namely clothing and luxury goods have shown again another big increase this year. The large seizure of sport shoes by the

German customs administration – over 100 containers were seized in Hamburg in one operation - highlights the continuing interest of fraudsters in this area of counterfeiting.

The figures have shown a decrease in the quantities of goods seized by customs, in only three areas, namely the food sector, electrical equipment sector and the computer equipment sector.

Fig. 2. Articles seized, by type of product



Background

This report contains statistics on action by customs within the EU in relation to the fight against counterfeit and piracy. They are established by the European Commission, based on the data transmitted by the EU Member States, in accordance with the Community's relevant customs legislation. Council Regulation No 1383/2003 lays down the basic provisions for customs actions to protect and enforce intellectual property rights and the implementing legislation, Commission Regulation No 1891/2004, provides specifically for the submission by Member States of information on the seizures made.

These statistics contain information about seizures made under customs procedures including data on goods description and quantities, provenance of the goods, means of transport and the type of intellectual property that have been infringed.

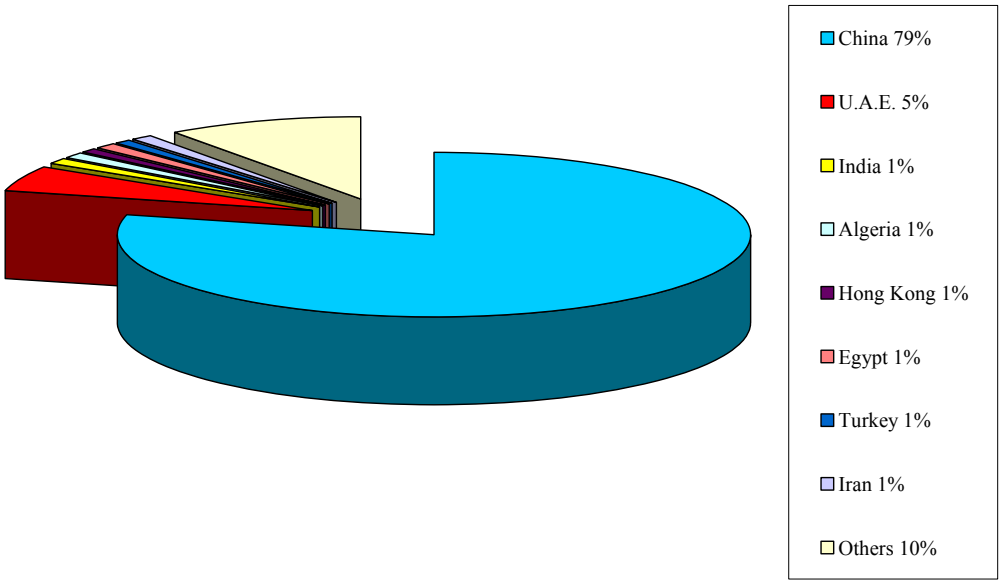
The drawing up of such statistics on a yearly basis provides useful information to support analysis of counterfeiting and piracy in the EU and the development of appropriate counter-measures by customs. Increasingly, it is being recognised that reliable figures

are required, in order to be able to better understand the scope and extent of the problem, which has become a global phenomenon. To this end, the Commission is committed to ensuring that relevant statistical data on customs actions in the EU is analysed and shared with customs in a timely manner. In addition, the Commission will continue to pursue the possibility of exchanging such data with customs in third countries, in accordance with relevant customs cooperation provisions that apply.

2006 highlights

- In terms of overall quantities seized, China remains the main source for counterfeit goods, with 79 % of all articles seized coming from there. However, it should be noted that with regard to the number of cases treated by customs, the selection is far more widespread and China only accounts for a third of the cases.

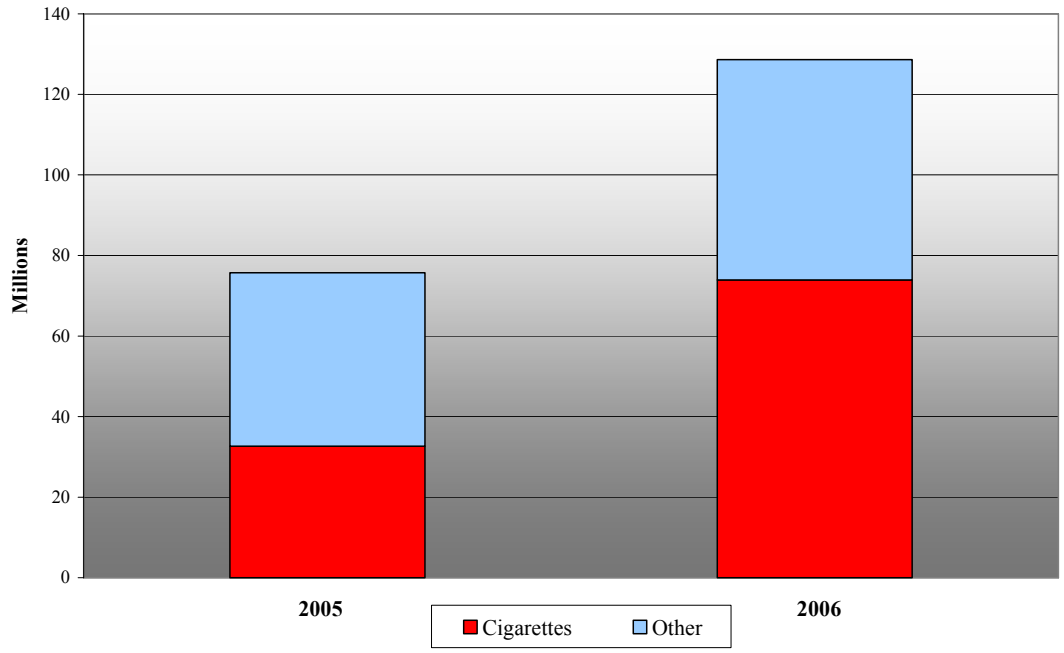
Fig. 3. Origin or provenance of goods



- Almost 60% of the articles seized in 2006 were cigarettes, yet concerned less than 1 % of the cases. On the other hand 65% of the cases related to the textile sector with more than 10% of the articles seized. In addition to a few cases concerning enormous quantities of seized articles, there has also been a significant increase in cases involving fewer articles. This could be explained by the fact that more traffic has been detected in postal and air traffic, possibly due to booming internet sales. The considerable increase in the number of cases involving seizures – from 26,000 cases to over 37,000 cases suggests more effective risk management customs controls.

- Although cigarettes represent such a large proportion of all seizures, seizures of other products also increased dramatically since the previous year. The amount of goods seized in 2006, other than cigarettes, has increased with more than 25% compared to 2005. This is also a reflection of the trend towards diversification in the products that are subject to counterfeiting and piracy.

Fig. 4. Cigarettes and other articles seized



- In the medicines sector, India is the number one source, followed by the United Arab Emirates and China. Together these 3 sources are responsible for more than 80 % of all counterfeit medicines. In other cases, other countries predominate like in the food sector Turkey remains the main source.
- Seizures made by customs increased in almost all Member States. The need for strong action against IPR infringements has subsequently been highlighted at the highest political level by Germany, during the course of its' Presidency of the EU, from January to the end of June 2007, as well as of the G8 in 2007.

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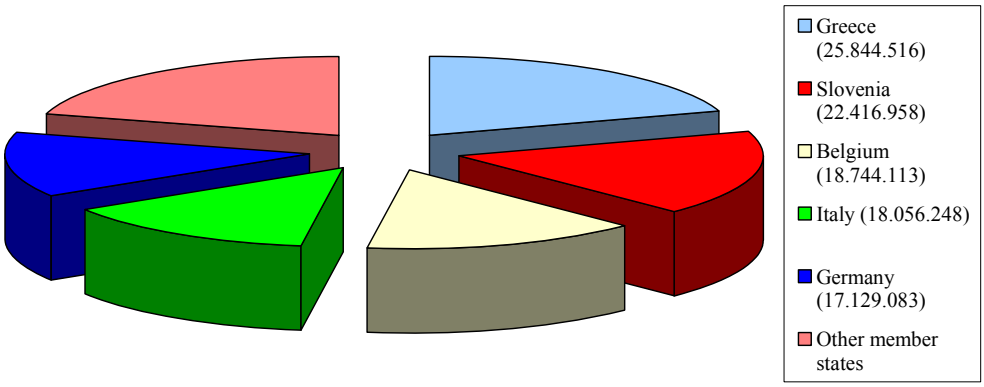
Fig. 5. Articles seized by Member States

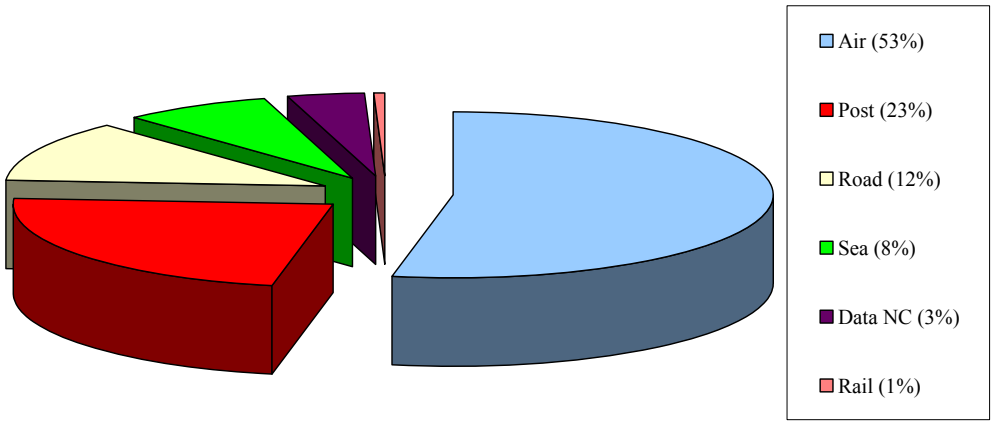


- Close cooperation between customs has inevitably played a role in the increase in seizures made during 2006. A good example of the fruitful results of targeted cooperation is the successful outcome of Operation DAN, which was carried out in September 2006. A total of 92 containers were seized, containing a wide range of products including fake toys, sunglasses, shoes and imitation car parts.

  This joint operation took place over three weeks in the autumn of 2006 and involved ports in 13 EU Member States. It was co-ordinated by the European Commission and controls were focused on counterfeit goods from China.

- In the table annexed to this report, the breakdown by means of transport per case shows that air and postal traffic accounted for almost 80 % of the total of all cases. Due to the nature of the different types of transport, cases involving sea traffic invariably lead to bigger seizures per case.

Fig. 6. Registered cases, by means of transport



- In the sector of electronic equipment there has been an increase in relation to the violation of the patent on MP3/MP4 players and other electronic equipment such as DVD players. Another big source of counterfeit goods in this sector has been accessories for telephones. The seizure of a growing quantity of counterfeit adapters, chargers and batteries is of particular concern, as they represent a particular danger to consumers.

  Last year's trend in which there were less articles seized in the sector covering CDs/DVDs is turned around and this year shows a marked increase. This is in part due to the rise of other digital carriers like memory sticks and memory cards.

- As most Member States have implemented the simplified procedure provided for by Article 11 of Council Regulation (EC) No 1383/2003, there is a decrease in the amount of cases involving the seizure of counterfeit articles, pursuant to other legislation. The majority of the cases leading to seizures occur during import procedures.

Conclusion

The harmful effects of the illicit trade in counterfeit goods are well known. The marketing of fake goods does considerable damage to right holders, as well as law-abiding manufacturers and traders and more and more attention is being drawn to the dangers to the consumers' health and safety.

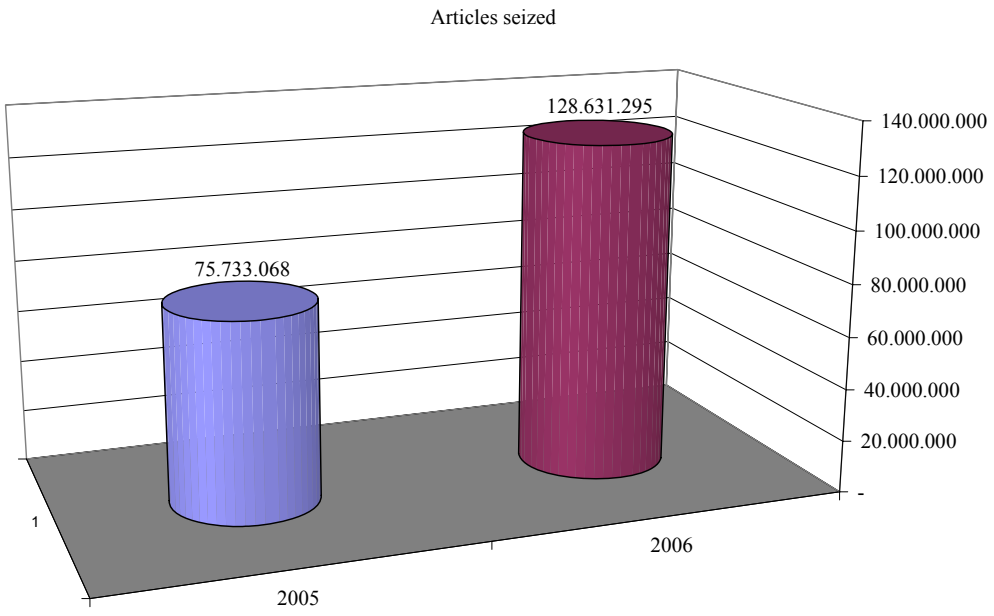
It is becoming increasingly difficult to identify the country where fake goods are manufactured, as the goods will not be shipped directly to the intended market. Certain countries may be identified as the source country where significant numbers of transhipment operations are carried out, rather than the actual manufacturing of the fake goods themselves.

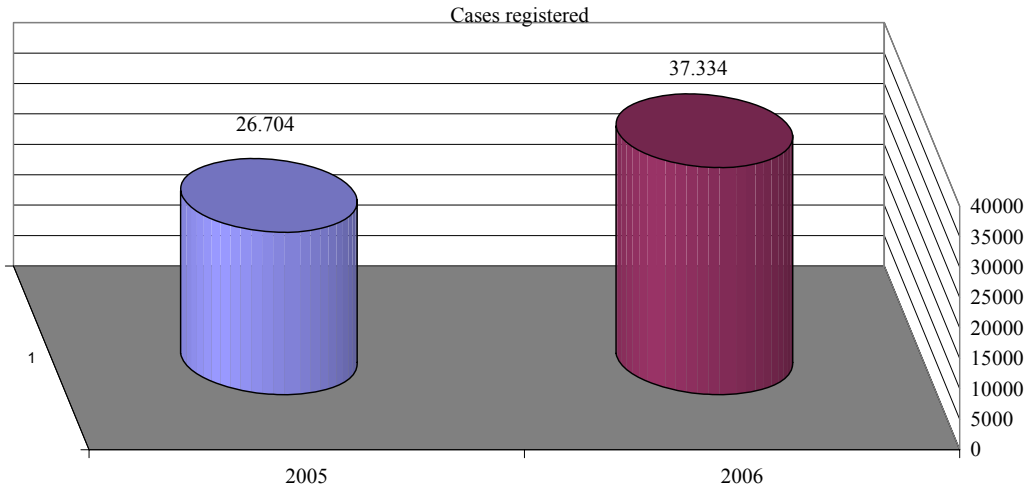
Health and safety is a big issue, as witnessed by the sizeable figures relating to seizures of pharmaceutical products. The emergence of India in this sector, reflects the developing industrial capacity of this nation and highlights the reality that counterfeiting is carried out on an industrial scale, in all sectors where a potential profit is perceived.

Another harmful effect of the illicit trade in counterfeit goods can be demonstrated by the cigarette sector. In addition to the health effect – fake cigarettes are even more dangerous to smokers – the introduction onto the EU market of large quantities of such goods represents a significant impact on the national and EU budgets. It is conservatively estimated that the cigarettes seized during the course of 2006, represent potential losses in customs duties and taxes for the European Community and Member States' budgets of more than 230 million euros.

Statistical annex

EU					
2006					
Breakdown of number of cases registered and number of articles seized by product type					
Product type	Number of cases registered by Customs	% of total cases registered	Number of articles seized	% of total of items seized	Comparison 2005-2006 of the number of articles
Foodstuff, alcoholic and other drinks	54	0,14%	1.185.649	0,92%	-77%
Perfumes and cosmetics	1.093	2,93%	1.676.409	1,30%	141%
Clothing and accessories	24.297	65,08%	14.361.867	11,17%	31%
a) sportswear	3.254	8,72%	1.210.196	0,94%	-60%
b) other clothing (ready to wear)	9.977	26,72%	4.315.338	3,35%	1%
c) clothing accessories (bags, sunglasses…)	11.066	29,64%	8.793.123	6,84%	137%
Electrical equipment	1.342	3,59%	2.984.476	2,32%	-9%
Computer equipment (hardware)	543	1,45%	152.102	0,12%	-81%
CD (audio, games, software), DVD, cassettes	2.880	7,71%	15.080.161	11,72%	55%
Watches and jewellery	3.969	10,63%	943.819	0,73%	83%
Toys and games	678	1,82%	2.370.894	1,84%	25%
Other	1.682	4,51%	13.287.274	10,33%	41%
Cigarettes	300	0,80%	73.920.446	57,47%	126%
Medicines	497	1,33%	2.711.410	2,11%	384%
Total:	37.334	100,00%	128.631.295	100,00%	70%

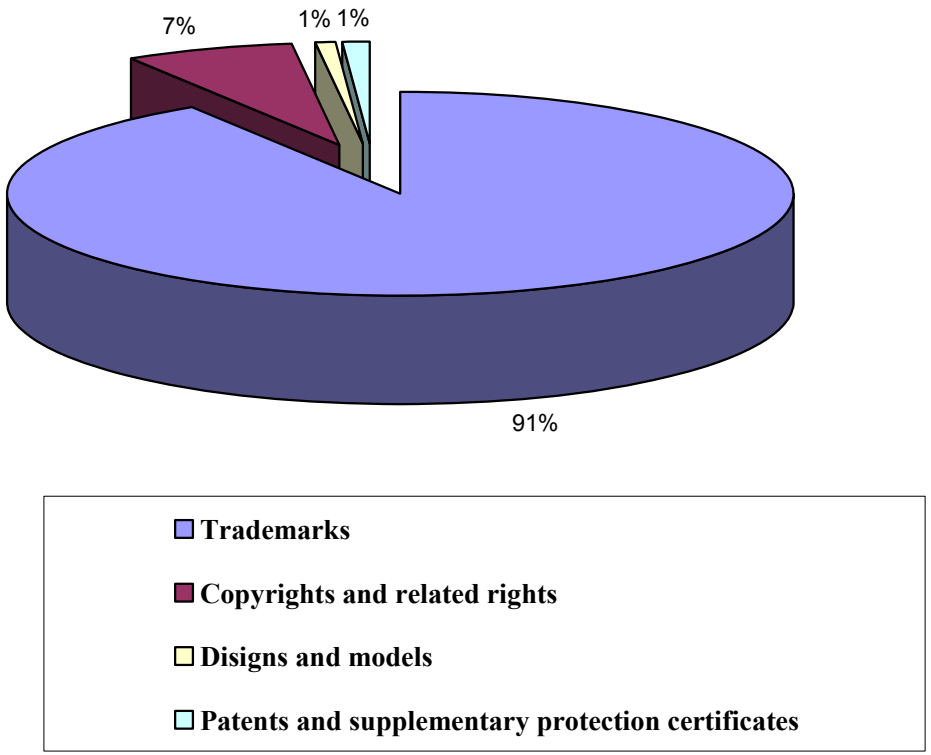

Articles seized
128.631.295
75.733.068
140.000.000
120.000.000
100.000.000
80.000.000
60.000.000
40.000.000
20.000.000
-
1
2005
2006


Cases registered
37.334
26.704
40000
35000
30000
25000
20000
15000
10000
5000
0
1
2005
2006

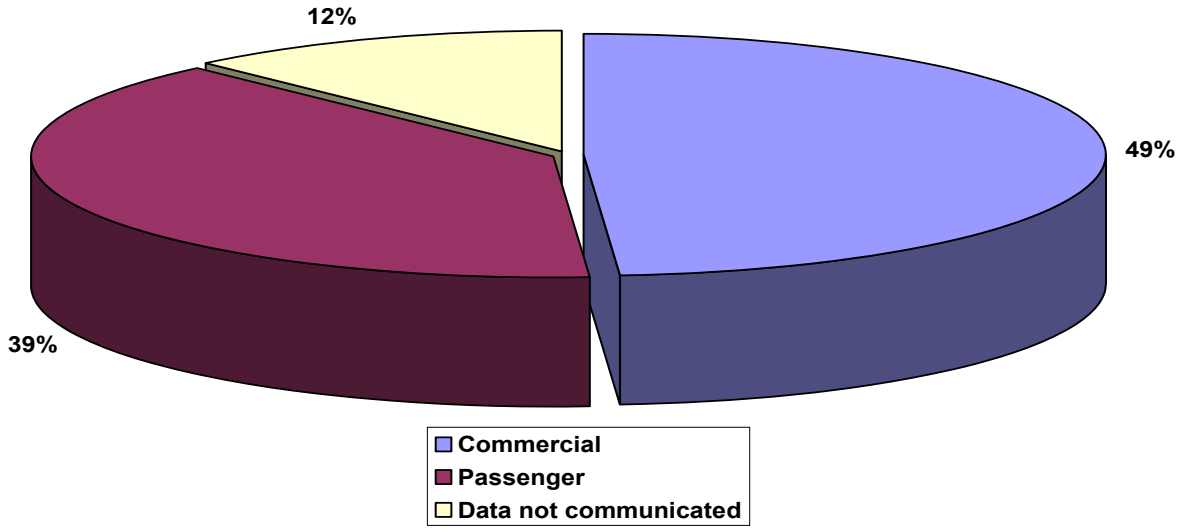
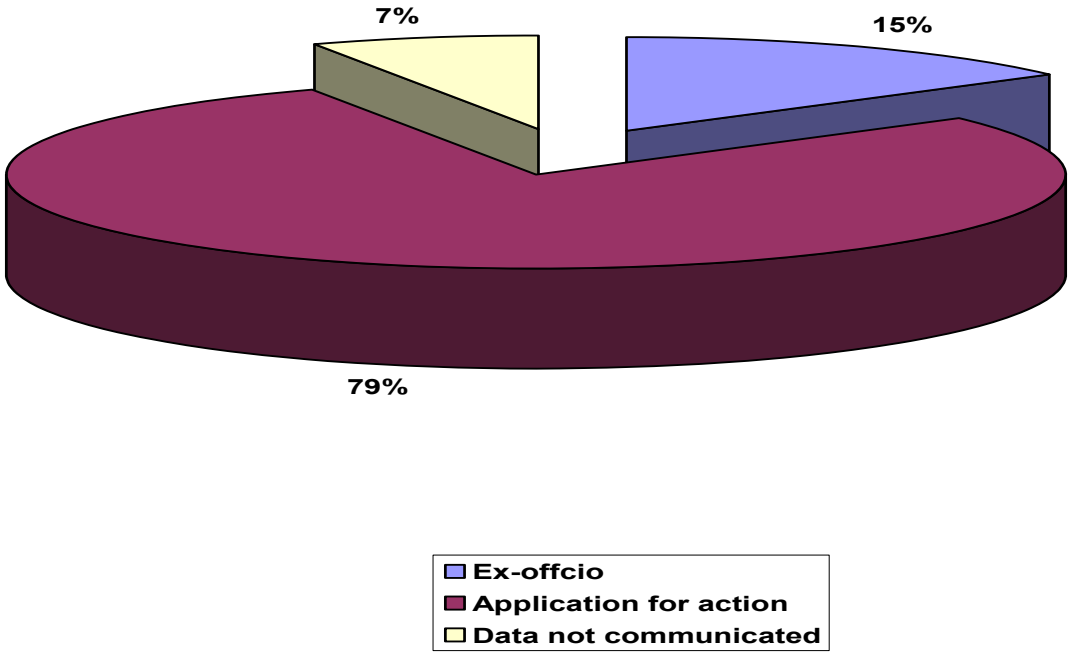
EU									
2006									
Breakdown of number of articles seized expressed as % by origin/provenance and by product type									
Product type									
Foodstuff, alcoholic and other drinks	18% Turkey	1% China	12% Singapore	7% Hungary	6% Tunisia	2% Argentina	2% Ukraine	1% Egypt	35% Others
Perfumes and cosmetics	37% China	19% Ukraine	17% Indonesia	9% UAE[1]	4% Turkey	3% Hungary	2% Hong Kong	1% Belarus	8% Others
Clothing and accessories	63% China	5% India	3% Turkey	2% Ukraine	2% Hong Kong	1% Vietnam	1% Bulgaria	1% Pakistan	5% Others
a) sportswear	43% China	13% Vietnam	7% Swiss	5% Turkey	4% Bulgaria	4% UAE	3% Hong Kong	2% Thailand	20% Others
b) other clothing (ready to wear)	50% China	19% India	9% Turkey	4% Pakistan	2% Bulgaria	2% Thailand	2% Hong Kong	1% Portugal	11% Others
c) clothing accessories (bags, sunglasses…)	81% China	2% Malaysia	2% Algeria	2% Egypt	2% Hong Kong	1% UAE	1% Italy	1% Bulgaria	8% Others
Electrical equipment	61% China	21% Hong Kong	7% UAE	3% Rep. of Korea	2% USA	1% Taiwan	2% Others		
Computer equipment (hardware)	47% China	17% Spain	15% Hong Kong	4% Pakistan	3% Singapore	3% Egypt	3% Taiwan	2% UAE	6% Others
CD (audio, games, software), DVD, cassettes	88% China	5% Iran	1% Taiwan	1% Syria	5% Others				
Watches and jewellery	72% China	19% Hong Kong	2% Rep. of Korea	1% Malaysia	1% Thailand	4% Others			
Toys and games	85% China	3% Hong Kong	2% Spain	1% Vietnam	1% Pakistan	1% Syria	1% Paraguay	1% Mexico	5% Others
Other	82% China	3% Turkey	2% Hong Kong	2% Bulgaria	1% Netherlands	1% Egypt	1% USA	1% Cyprus	7% Others
Cigarettes	83% China	6% UAE	2% Algeria	2% Egypt	1% Serbia	1% Malaysia	5% Others		
Medicines	31% India	31% UAE	20% China	4% Thailand	2% Philippines	1% Vietnam	1% Jordan	1% Norway	9% Others

[1] UAE – United Arab Emirates

Breakdown by type of rights of the number of articles seized



Breakdown of registered cases
by type of traffic
Commercial / Passenger



Breakdown of registered cases by type of intervention