




TOO GOOD TO BE TRUE?

The real price of
fake products





Fake products pretend to be something that they are not, whether by imitating a legitimate product or by falsely claiming to meet legal requirements. They are NOT a cheap and painless alternative.

EU citizens have **a lot to lose from buying them.**

It is first an ethical issue. A major beneficiary of this **illegal business is organised crime.** World-wide, organised crime is heavily involved in distributing fake goods: for them it's a real growth opportunity.

These goods can also pose **serious risks to safety and health.** Why would crooks care about your safety?

Citizens also **lose as consumers.** What looks like a bargain often turns out to be a waste of money, as fake products are essentially not made to the same quality standards.

And they lose as producers whether as workers or entrepreneurs: dealers in imitations harm the European economy as **they damage legitimate business and starve innovation.** And fake goods compete unfairly with genuine products, **putting many jobs at risk in Europe.**

Finally, we all **lose as taxpayers.** **Illegal operators and traders** don't pay taxes, so you pay more to make up for the loss.

Against this menace, there is only one thing to do.

***Say no to counterfeit goods,
go for the original***

A serious global problem

Whatever they may be – fakes, counterfeits, or forgeries or items which don't meet the standards imposed to protect us all – illicit products are offered with the intention to defraud and deceive. Not only do they mislead, pretending to be what they are not, not only are they of much poorer quality than the originals, but they can also pose threats to your health and security.

Such goods emerge from a shadow economy, an economy in which criminals play an active part and which generates no taxes or duties. These missing revenues have to be made up for by higher taxes on all citizens. That adds to your tax bill.

Fake products destroy jobs in the EU as well. Brand images and trademarks built up over many years are looted and undermined; companies lose sales, business declines and jobs are lost.

And future prosperity is undermined. Innovative new products come from research and development. Europe relies on producing innovative, high-value and attractive goods to remain competitive; we rely on innovation to tackle the problems of modern society. If businesses cannot recoup their investment, they won't invest.

That's why we call on all Europeans to make a stand against fake products.

Europeans, demand and buy original products!

Antonio Tajani

Michel Barnier



Antonio Tajani

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Michel Barnier

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Fake goods are bad for your pocket

Buying fake goods is not a bargain.

Products legally offered for sale in the EU market must pass a number of quality controls to ensure that they are safe. But why should a rogue trader go to all that trouble and expense? Fake products are not made to the same standards and typically have to be replaced more often. **Buy cheap, buy twice!**

And did you know that trade in fake goods also **increases your tax bill?**

As a citizen, you pay your taxes and get public services in exchange, but your honest contribution is made higher because of the trade in illicit goods.

And the jobs lost mean higher unemployment and higher welfare bills. Bigger bills and lower state revenues in one area mean higher taxes in another. This increases the bill for citizens: **you end up paying more tax.**

This hurts even more when budgets are tight.

Fighting back

The European Commission and EU Member States are working hard to better enforce the rules which protect citizens and business against goods and products which do not meet safety standards. From 2013 authorities in Member States have stronger powers to take non-compliant and dangerous products off the market immediately. Unsafe fake products will get caught in the net and kept away from consumers.

To raise the effectiveness of this across the EU, the Commission has set out a plan which involves greater resource sharing, better IT tools, tougher and more targeted external controls at the Union borders and harsher penalties.

The European Commission and the Member States also fight counterfeiting in all its dimensions: by studying the phenomenon to devise more efficient response strategies and awareness campaigns, by making available effective enforcement tools to the proprietors of trademarks, and by checking trade flows at the borders and seizing counterfeits.





Fake products can also be dangerous for your health

Fake health products are dangerous. They can do you serious harm.

Unlike original medicines (including generics), fake medicines, can be made out of anything. They can cause serious damage to your health. Medicines are tightly regulated for very good reasons: take a fake product and you can do yourself serious damage.

Medical devices are also subject to forgery. Contact lenses and blood testers are just some of the products that have been imitated and sold on the Internet or even in normal shops.

They may cost less, **but they can have serious adverse effects** as they can be of poor quality, made of the wrong materials and have questionable effectiveness, if any.

The European Commission plans to set up a **globally compatible device identification system** in the EU to facilitate the recognition of illegal products.

And it's not just fake medicines that can harm your health. **Fake garments** can also be unsafe.

Chemicals used in textiles, clothing and footwear in Europe are thoroughly analysed and are prohibited if they are found to be harmful. A comprehensive piece of legislation called REACH insists that all chemicals in the European Union are tested. That is why, garments legally sold in Europe very rarely cause allergies and irritations.

But fake items can contain chemicals that haven't been tested. They can harm your health.



Fake goods are bad for your safety

If you care about your safety, and that of those around you, beware of fake goods! Products that could be dangerous to the health and safety of consumers accounted for almost one third of the total amount of articles detained by EU customs in 2011, almost double the proportion in 2010. Traders in fake articles are crooks. What reputation do they have to protect, why should they care about your safety?

Car parts are among their most popular targets: fake automotive parts cost suppliers between five and ten billion euro every year. But it is not just lost money for legal business. It's your safety, as drivers are exposed to substantial risks when tricked into buying fake products.

European legislation requires that all parts and components essential for the safety and environmental performance of motor vehicles are subject to controls before they can be placed on the EU market.

But dealers in fakes ignore these requirements, and not just in a small way. **Brake pads** are among the **most commonly imitated car parts**. Fakes have been found made from wood chips – or even grass! If you are buying in unfamiliar circumstances, be vigilant.

Dangers can also lie in products where the risk is less obvious. Think about **toys**. They should be the safest goods – they are made for children – or so you would think. But if they



don't conform to safety regulations, they can pose a serious danger.

Fake toys are widespread. The supplier doesn't care about fair and honest practices, so what makes you think he will care about your children's safety? Fake toys can contain dangerous materials, like paint containing poisonous chemicals. They may be made with detachable small parts, which are prohibited according to the EU toys safety legislation, posing choking hazards to children.

There is no way of knowing if a fake item has gone through safety checks. Fake articles can put you in danger.



Fake goods can undermine trust in Internet shopping

The Internet has opened up vast trading possibilities and allows you to have a wider choice of goods and to find the best bargains across the European single market.

E-commerce is a boon for consumers and business alike. But a growing market attracts cheats. For some people, the internet is a new outlet for suppliers of fakes.

When shopping online, your choice is heavily influenced by brand and reputation. **Fraudulent websites** are increasingly sophisticated, making it difficult to distinguish them from genuine sites. They try to trick you by using domain names that closely resemble the names of well-known high-end brands and companies. Be vigilant!

Currently, there is little that firms can do to protect themselves, and you, against tricks like this. It is harder to crack down on rogue traders on the internet, especially when they operate from outside EU jurisdiction.

But EU customs officials have ways to tackle this illegal trade. They pay more and more attention to parcels sent by the post, the usual way to receive goods bought on the Internet. Developing tailor-made approaches to monitor parcel and postal traffic is one of the priorities of the European Union Customs Action Plan for the period 2013-2017.

Beware of the risk of ending-up buying fake or sub-standard goods on Internet. The widespread availability of such goods there should make you particularly vigilant.



Keeping fakes at bay: a responsible choice

In Europe, workers are protected from exploitation and children are not forced to work. Reputable companies that manufacture abroad respect these standards even if local law enforcement doesn't require them to. When leading sportswear manufacturers were accused of using child labour, they took vigorous action. But dealers in fake goods don't have reputations to protect and can mistreat workers – even children, forced to work in sweatshops – as much as they like.

The exploitation linked to fake goods starts with the manufacturer and continues up to the end of the supply chain. The street vendors selling fakes work in wholly unprotected conditions. Illegal and vulnerable, constantly having to run from the police – theirs is the lifestyle you support when you buy fakes.

They are usually victims of organised crime. Most of the money you hand over goes straight into the coffers of criminal organisations.

It began as a way of diversifying traditional criminal activities, such as drugs, arms trafficking or prostitution. But it has become so lucrative that it is now a core activity of criminal organisations.

Criminals receive about as much money from selling fakes goods as they do from selling illegal drugs: over €200 billion every year, according to United Nations figures.



Fakes are bad for jobs

Sales of genuine articles are the basis of jobs. When you buy original products, you create and maintain employment in Europe.

But fake goods create unfair competition for European artisans and businesses, harming legitimate enterprises and so **increasing unemployment**.

The **impact on jobs is particularly severe for fashion and high-end products**, such as textiles, garments, leather ware, shoes, watches and jewellery. These represent over half the total value of imitation goods detained by customs. These industries create jobs in Europe.

The 21st century has seen steady growth in the market for fakes. In just a couple of years from 2009 to 2011, the number of cases detected by customs in Europe more than doubled to over 91,000.

According to available figures, **in 2011 almost 115 million suspect articles** were stopped by customs at the EU's borders. The estimated **value of the equivalent genuine products is over €1.2 billion**.

The European Commission has been working to prevent this for nearly a decade. In 2004 it adopted a Strategy for the Enforcement of Intellectual Property Rights in Third Countries. And to fight this menace, we have to understand it better: the recently established European observatory on infringements of intellectual property rights is collecting more detailed data which will shed further light on this sprawling illegal business and help devising increasingly efficient policies to eradicate it.



Fake goods may tarnish holiday memories

Everyone goes on holiday to relax, but that can make you more vulnerable. Don't be fooled – fake goods under sunny skies are still fake. You're still at risk and you're still supporting criminals.

Luxury goods for sale on a street stall in a quaint market may be a temptation, but let's not fool ourselves. They're cheap because they are fake. Many imitations are sold in apparently harmless street stalls in popular holiday resorts.

But beware! If you are checked by the authorities on your way home and found to be carrying fake goods for commercial purposes, you risk very heavy penalties in some countries.

Holders of fake goods intended for commercial purposes can face heavy fines and, in cases of repeated purchases of such goods, sentenced to prison.

Once again, a fake product can be much more expensive than you think.



Some figures

- The global volume of trade in fake goods **stands at over €200 billion euro per year** – a similar magnitude to the market for illegal drugs
 - Between 2010 and 2011, the volume of fake articles detained by European customs grew by **11%**
 - In 2009, the value of the **top 10 brands** in EU countries amounted to **almost 9% of GDP**
 - **Fashion and high-end personal products encompass 54%** of the total value of detained goods
 - In 2011 alone, **115 million fake goods** were detained at the EU borders, with an overall **value of over €1.2 billion**
 - Almost one third of the articles detained by EU customs in 2011 were found to be potentially **dangerous to the health and safety of consumers**, almost double the proportion in 2010
 - In 2011, **27 million fake medicines** were detained by European authorities
- **Postal transport is the most common means** used to ship fake goods ordered on-line. It was the method used in 63% of cases detected in 2011, followed by air transport (22%) and express courier transport (7%)
 - **China is by far the biggest source of fake goods** detained in Europe, accounting for almost 73% of the total amount of detained articles
 - But it isn't just a problem coming from other countries – the European Commission and national administrations are investigating the scale of the fake goods activity in the European Union





For more information:

EUROPEAN UNION INSTITUTIONS AND AGENCIES:

European Commission:


Enterprise and Industry Directorate General

ec.europa.eu/enterprise/stopfakes

Internal Market Directorate General

http://ec.europa.eu/dgs/internal_market/index_en.htm

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ec.europa.eu/enterprise/stopfakes

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