

## Anti-Counterfeiting Trade Agreement. Fact Sheet – Strasbourg, 23 October 2007

### Recent data on counterfeit goods

- Customs activity has never been as high as in 2006 with more than 36,000 seizure actions, an increase of around 40% compared with 2005. The number of objects seized also increased from 75 million to 130 million.
- Counterfeit goods are now increasingly household goods rather than luxury items. In 2006, more than 1.6 million counterfeit cosmetics/personal care products and 1.2 million foodstuffs & beverage products were seized at the EU external border, out of a total of 130 million fake objects. Also seized were counterfeit airplane parts, electrical appliances and toys. Most worrying is the booming trade in counterfeit medicines with more than 2.7 million products stopped at the border. Fake medicines are reckoned to account for almost 10% of world trade in medicines. Most of these fake drugs are headed for the world's poorest countries.
- The OECD just released a new study that estimates the **annual value** of international physical trade in counterfeited consumer goods at **200 billion USD**, an amount equivalent to 2% of world trade and higher than the GDP of 150 countries. However, that figure does not include domestic production and consumption, nor in business-to-business transactions and internet-based counterfeiting. If these items were added, the total magnitude of counterfeiting and piracy worldwide could well be **several hundred billion dollars more**. According to the OECD counterfeiting and piracy undermine innovation, which is key to economic growth.

### ACTA F.A.Q.

**Question:** Why is ACTA needed?

**Answer:** The proliferation of intellectual property rights (IPR) infringements poses an ever-increasing threat to the sustainable development of the world economy. It is a problem with serious economic and social consequences. Today, we face a number of new challenges: the increase of dangerous counterfeit goods (pharmaceuticals, food and drink, cosmetics or toys, car parts); the speed and ease of digital reproduction; the growing importance of the Internet as a means of distribution; and the sophistication and resources of international counterfeiters. All these factors have made the problem more pervasive and harder to tackle.

**Q:** What is the objective?

**A:** The goal is to provide a good framework for countries committed to solid IPR protection to more effectively combat the challenges of IPR infringement today.

We envision the ACTA as a leadership agreement, setting a positive example for nations that aspire to strengthen IPR protection. It is hoped that membership to this agreement will expand over time, reflecting the growing international consensus on the need for strong IPR enforcement.

**Q:** Which countries are involved?

**A:** A number of economies that consider IPR a key instrument for their development and innovation policies have agreed to be part of negotiations. Right now this includes amongst others the EU, the US, Japan, Korea, Mexico and New Zealand.

**Q:** Is this really about ganging up on China and other countries that are not part of the group?

**A:** No. ACTA is not intended to isolate countries or point the finger at their enforcement efforts. The countries involved in this initiative share a particular vision of a path to stronger enforcement to deal with the challenges of piracy and counterfeiting today. This is an inclusive vision which we hope that more countries will embrace when they feel the time is right.

**Q:** Why are you not pursuing this agreement through the G8, WTO, WIPO or other formal structure?

**A:** We feel that the approach of a free-standing agreement gives us the most flexibility to pursue this project among interested countries. We fully support the important work of the G8, WTO, and WIPO, all of which touch on IPR enforcement. The membership and priorities of those organizations simply are not the most conducive to this kind of path breaking project.