



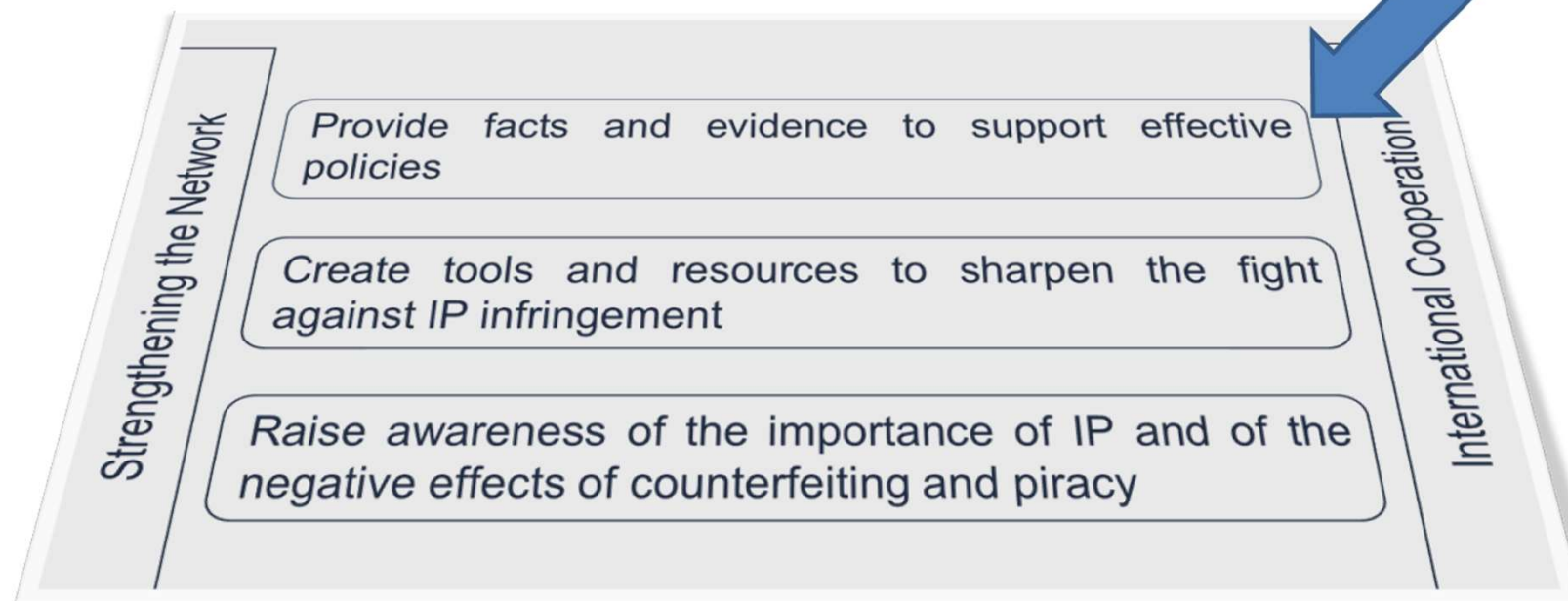
# EU GEORGIA INTELLECTUAL PROPERTY PROJECT IP Enforcement forum

MICHAŁ KAZIMIERCZAK | 14 JUNE 2021

EU Georgia project, funded by the European Union and implemented by the European Union Intellectual Property Office (EUIPO)

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## Observatory



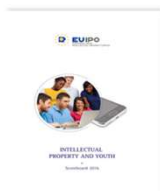
## Facts and evidence



### IP Contribution



### Infringement Quantification



### Europeans and IP

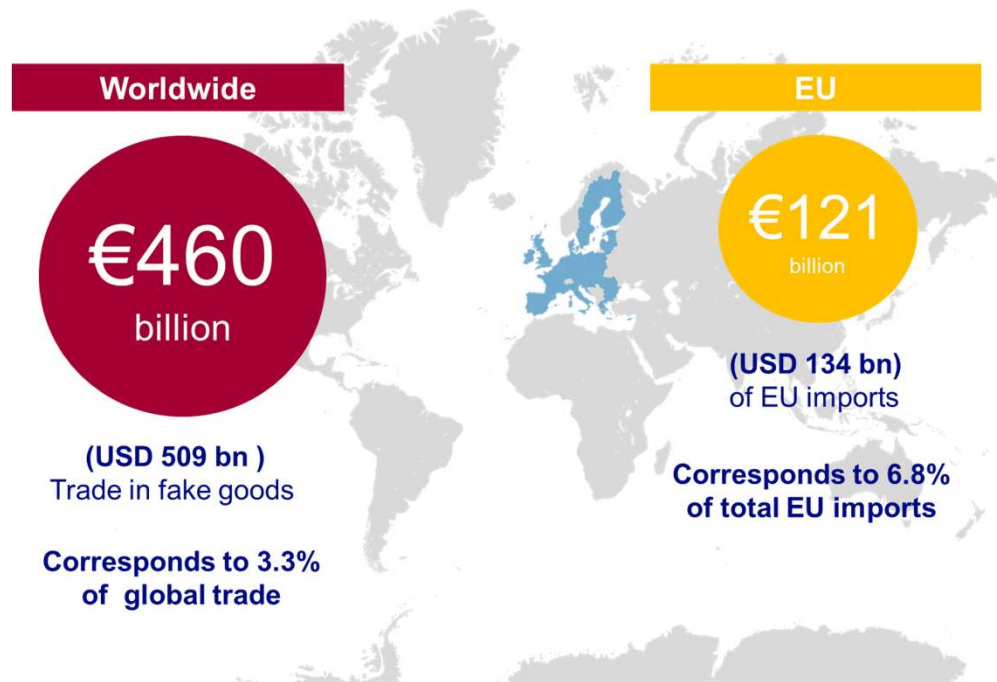
## The OECD-EUIPO studies

Robust, factual, neutral

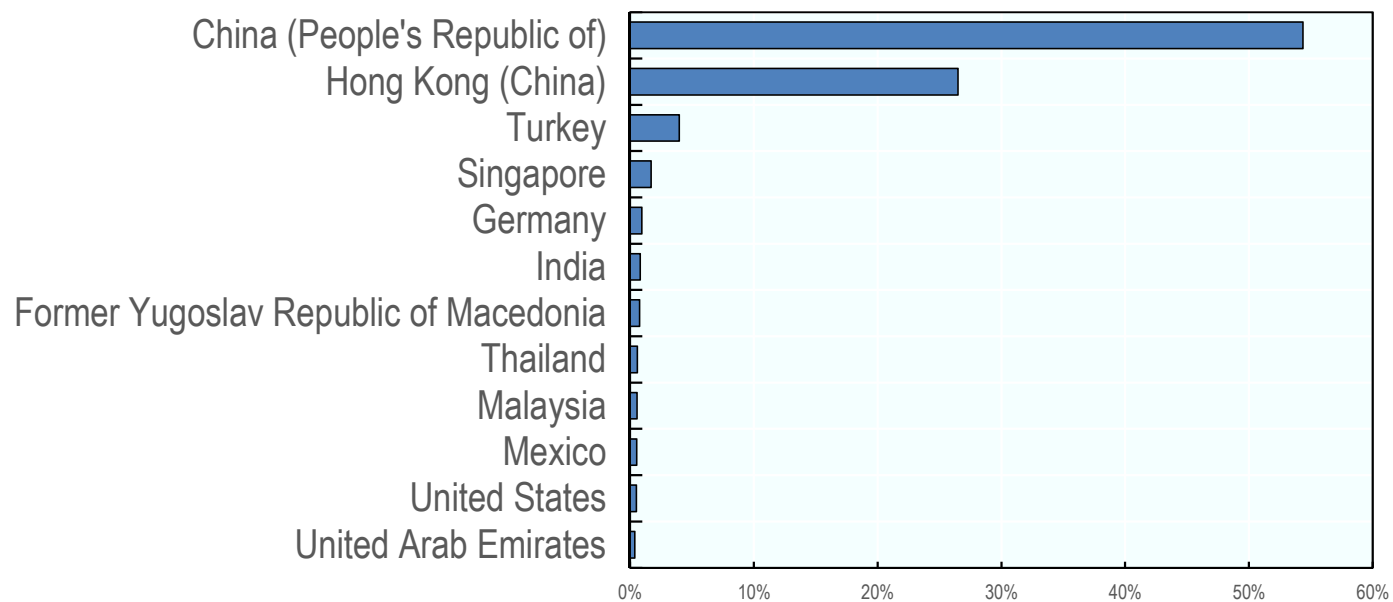


Photographs of trade in counterfeit goods

## International trade in counterfeit goods – key results



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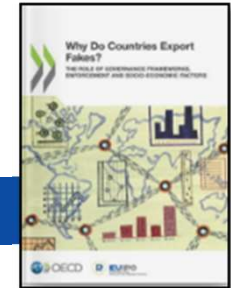
## International trade in counterfeit goods – key results

Provenance economy	GTRIC-e
Hong Kong (China)	1.000
China (People's Republic of)	0.994
Turkey	0.978
United Arab Emirates	0.961
India	0.879
Morocco	0.874
Benin	0.872
Gambia	0.870
Malaysia	0.862
Panama	0.836

## International trade in counterfeit goods – key results



The probability for producing fakes is based on the average GTRIC scores for the analysed economy. For more details on the GTRIC index see the OECD/EUIPO report.

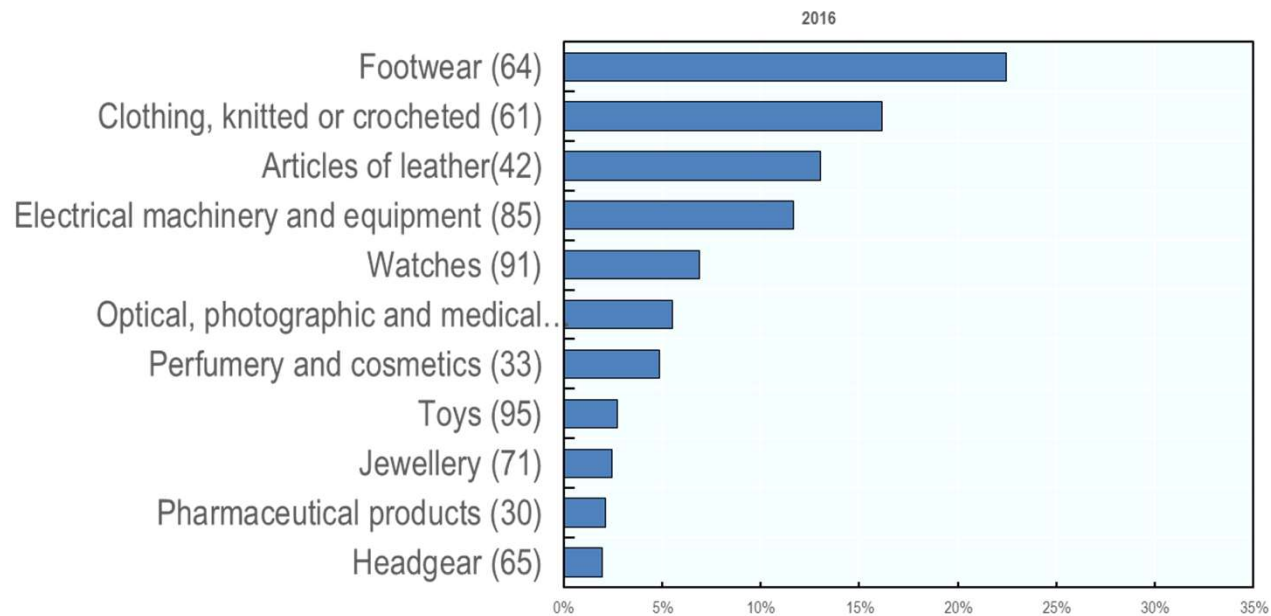


## Why do countries export fakes

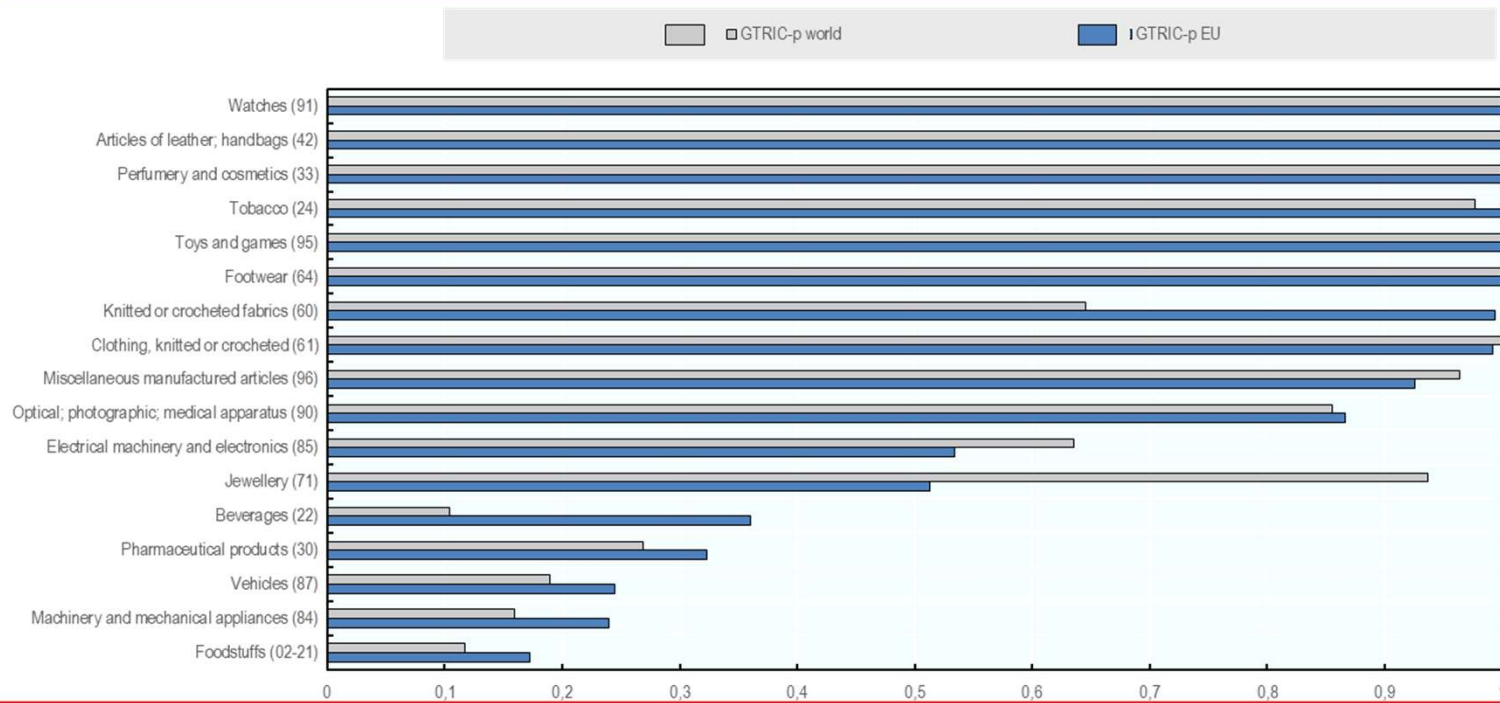
- The level of corruption, as measured by control of corruption, and irregular payments and bribes
- Low quality of intellectual property protection
- Good logistics facilities and trade infrastructure
- FTZs (especially in countries with poor governance)
- Low wages and generally poor working conditions

➔ are associated with a significant increase in the share of fake exports

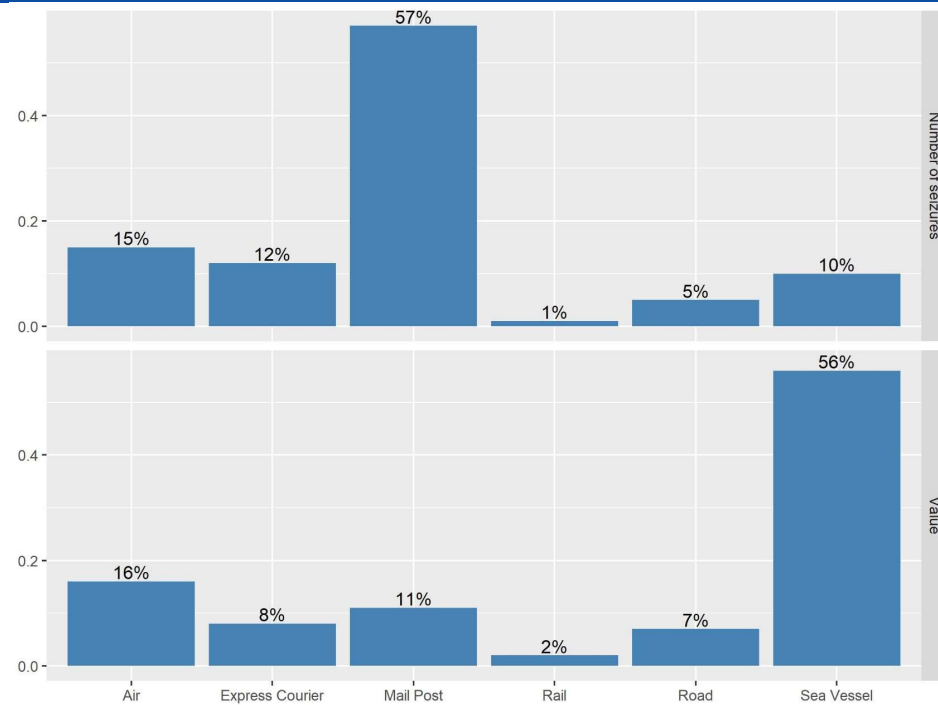
## International trade in counterfeit goods – key results



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## International trade in counterfeit goods – key results



## Links between counterfeiting and transnational organised crime

- Similar, negative consequences for health, environment, governance standards and socio-economic situation in general;



## Negative consequences

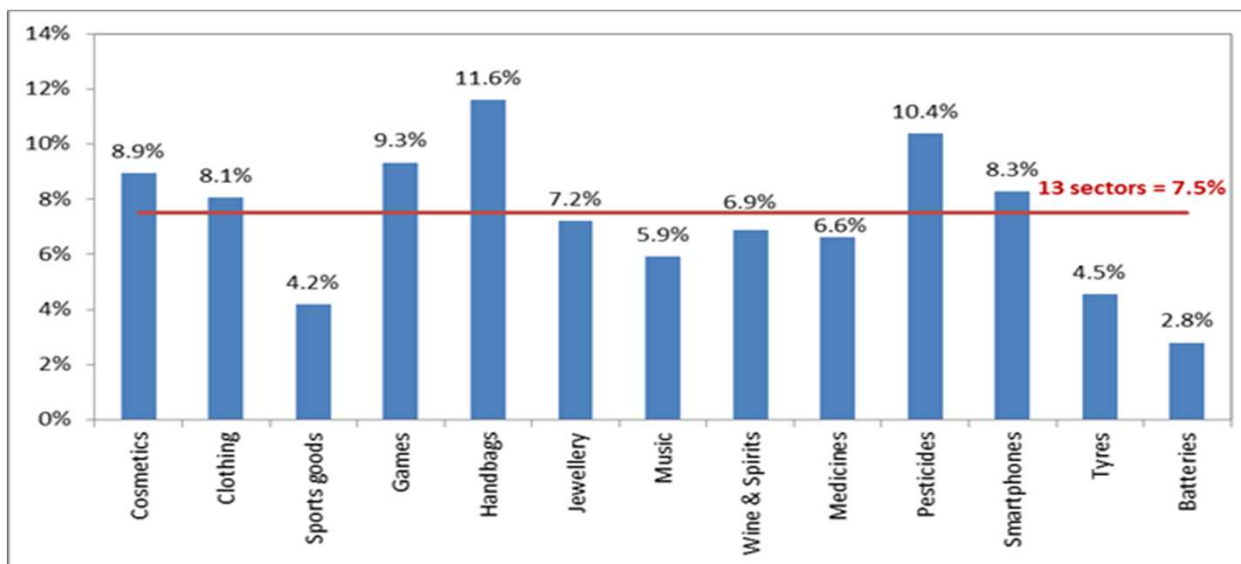
- Between 2014 and 2016 pharmaceuticals were the **10th most counterfeited type of product in international trade**;
- In 2016, international trade in counterfeit pharmaceuticals reached **USD 4.4 billion** (this does not include fake medicines manufactured and consumed domestically);
- **India and China** are the primary producers of fake medicines. **The United Arab Emirates, Singapore and Hong Kong (China)** are the key transit economies.
- Main targets: African countries, Europe and the United States.



## Negative consequences

- **Health and safety,**  
including costs of treating patients  
who have suffered adverse health consequences as a result of consuming counterfeit  
medicines.
- Environmental pollution
- Loss of sales and damage to the reputations of legitimate producers.
- Additional costs and lost tax revenues to governments and economies.

## Negative consequences (losses due to counterfeiting)



### Direct effects:

Lost sales: €59 billion

Lost jobs: 443 700

### Total effects:

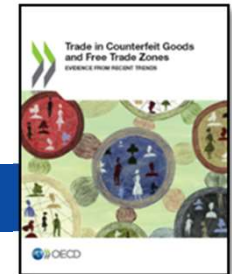
Lost sales: €100 billion

Lost jobs: 744 400

Lost taxes: €14.7 billion

## Links between counterfeiting and transnational organised crime

- Similar, negative consequences for health, environment, governance standards and socio-economic situation in general;
- Similar modus operandi and enablers;



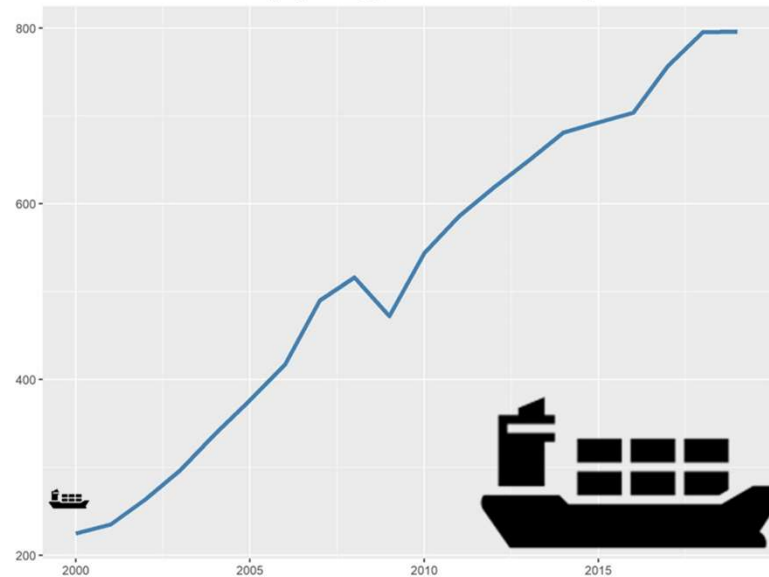
## Enablers (Free Trade Zones)

- On average, an additional FTZ within an economy is associated with a 5.9% increase in the value of fake exports.
- An increase of 1% in the number of firms operating in Zones / in the number of employees working in zones increase the value of fake exports by 0.29% and 0.21%, respectively.



## Enablers (Containerized maritime shipping)

**Container shipping volumes (million TEU20)**

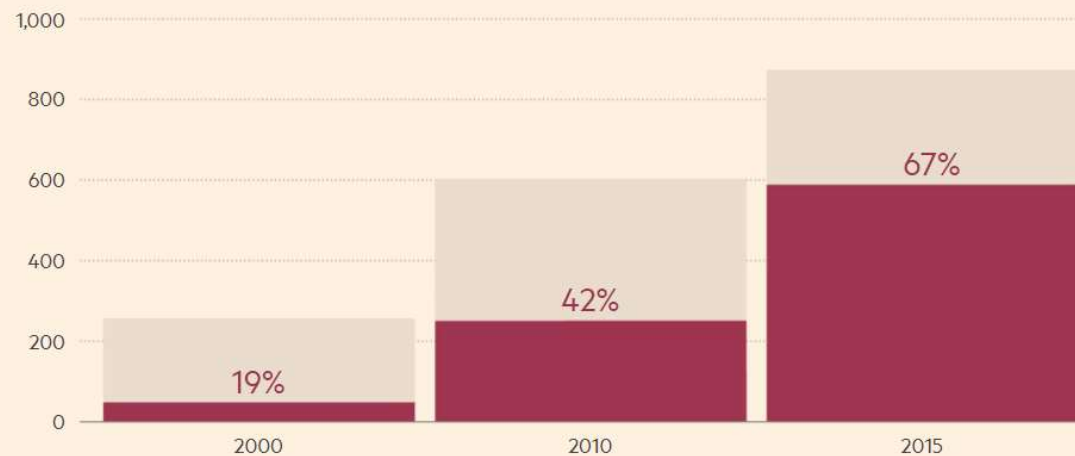




## Enablers (Containerized maritime shipping)

Two-thirds of container traffic passes through Chinese owned or invested ports

Twenty-foot equivalent units (million) and percentage of total for world's top 50 container ports



*Includes estimates of container traffic through ports in which Chinese and Hong Kong companies have investments, even minority stakes*

*Sources: Lloyd's List Intelligence; FT research*



## Enablers (Containerized maritime shipping)

Year	Port	Terminal	Company	Majority stake?
2004	Antwerp	Port of Antwerp Gateway Terminal	COSCO Shipping Ports Limited	No
2009	Piraeus	Container Terminals 2# and 3#	COSCO Shipping Ports Limited	Yes
2013	Antwerp	Antwerp Gateway <sup>1</sup>	China Merchants Port Holdings Company Limited	No
2013	Dunkirk	Terminal des Flandres <sup>1</sup>	China Merchants Port Holdings Company Limited	No
2013	Le Havre	Terminal de France and Terminal Nord <sup>1</sup>	China Merchants Port Holdings Company Limited	No
2013	Montoir	Terminal du Grand Ouest <sup>1</sup>	China Merchants Port Holdings Company Limited	No
2013	Fos	Eurofos <sup>1</sup>	China Merchants Port Holdings Company Limited	No
2013	Marsaxlokk	Malta Freeport Terminal <sup>1</sup>	China Merchants Port Holdings Company Limited	No
2015	Kumport	Kumport Terminal	COSCO Shipping Ports Limited	Yes
2015	Kumport	Kumport Terminal	China Merchants Port Holdings Company Limited	Yes
2016	Vado	existing Reefer Terminal S.P.A and the new terminal under construction	COSCO Shipping Ports Limited	No
2016	Rotterdam	Euromax Terminal	COSCO Shipping Ports Limited	No
2016	Piraeus	Piraeus Port Authority	COSCO Shipping Ports Limited	Yes
2017	Zeebrugge	APM/CSP Terminal Zeebrugge	COSCO Shipping Ports Limited	Yes
2017	Valencia	Noatum Container Terminal Valencia <sup>2</sup>	COSCO Shipping Ports Limited	Yes
2017	Bilbao	Noatum Container Terminal Bilbao <sup>2</sup>	COSCO Shipping Ports Limited	Yes
2018	Thessaloniki	Thessaloniki Port Authority	China Merchants Port Holdings Company Limited	No
2020	Odessa	Odessa Terminal Holdco Ltd <sup>3</sup>	China Merchants Port Holdings Company Limited	No
2020	Rotterdam	Rotterdam World Gateway <sup>3</sup>	China Merchants Port Holdings Company Limited	No

<sup>1</sup> Through purchase of 49% of stakes in Terminal Link company

<sup>2</sup> Through takeover of Noatum Ports

<sup>3</sup> Through Terminal Link company

Sources: Chen, Jihong & Fei, Yijie & Lee, Paul & Tao, Xuezhong. (2018). Overseas Port Investment Policy for China's Central and Local Governments in the Belt and Road Initiative. Journal of Contemporary China. 28. 1-20; Annual reports of companies, press releases and press articles

## Links between counterfeiting and transnational organised crime

- Similar, negative consequences for health, environment, governance standards and socio-economic situation in general;
- Similar modus operandi and enablers;
- **But counterfeiting associated with much more lenient punishments!**

## What can be done?



## OECD recommendations on Free Trade Zones

- Unconditional access of competent authorities;
- Gathering and facilitating access to Information;
- KYC principles;
- Incentivize electronic payments;
- Exchange of information and experience between FTZ operators.



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საქართველოსთვის  
The European Union for Georgia



EU Georgia project, funded by the European Union and implemented by the European Union Intellectual Property Office (EUIPO)

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