

Chapter 3. An overview of international evidence on the misuse of small parcels by counterfeiters

This chapter presents quantitative evidence on the use of small shipments in the transmission of counterfeit and pirated goods across global markets. Statistical evidence suggests that small shipments provide an increasingly attractive means to facilitate the trade in counterfeit goods for a large range of product categories. Indeed, the data show that small shipments and parcels tend to dominate in numerous trade routes, reflecting the shrinking costs of postal and courier shipments and the increasing importance of the Internet and e-commerce in international trade.

The decision of a party to engage in the illegal production of counterfeit or pirated goods involves determinations of: i) what products will be counterfeited or pirated; ii) where the products will be produced; iii) where the infringement will take place; iv) what geographic markets will be targeted; and v) how products will be shipped to end markets without being intercepted. The factors driving decisions in this regard include the profitability and magnitude of potential markets for candidate products, technological and logistical factors associated with the production and distribution of the products, and the risk and consequences of detection by law enforcement bodies (OECD, 2008).

With respect to what is being produced and where, recent analysis indicates that the range of products being counterfeited and pirated is broad, ranging from high-end consumer luxury goods such as watches, perfumes and leather goods, to business-to-business products such as machines, chemicals or spare parts, and to common consumer products such as toys, pharmaceuticals, cosmetics and foodstuffs (OECD/EUIPO, 2016). Every product protected by intellectual property (IP) can be counterfeited; there are even records of seized counterfeit fresh fruits and other foodstuffs. Some counterfeit products, such as pharmaceuticals, spare parts and toys, can be of low quality and can create significant health and safety threats.

Where do we source our information?

All information concerning trade in counterfeit and pirated trade comes from the OECD-EUIPO database on customs seizures (OECD/EUIPO, 2016) (see Box 3.1 for more details). Importantly, the main goal of this exercise is to understand the nature of misuse of small parcels in trade in counterfeit and pirated goods. More research and more data would be needed to fully understand some additional dimensions, especially the dynamic character of trade flows in small parcels.

The descriptive analysis of the dataset of customs seizures presented in the OECD-EUIPO study identified 173 provenance economies of counterfeit and pirated products (OECD/EUIPO, 2016). The study also noted that some modes of transport tend to dominate the others in terms of the total number of seizures. In addition, some provenance economies may specialise in certain modes of transport, types of goods, etc.

The analysis carried out in the present study has highlighted some important measurement and data-related issues.¹ Even though the information on counterfeit and pirated trade has improved significantly in recent years, more can be done to improve and expand

information on this phenomenon within the European Union. This is because data collection in the EU focuses on seizures done at the external borders. Consequently, the information on the production of fakes within the EU for the internal market and on the circulations of fakes within the EU is less precise.

Box 3.1. The OECD-EUIPO database on seized counterfeit and pirated products

The database on customs seizures is the critical quantitative input to this study. This database brings together data from three separate datasets: the European Commission's Directorate-General for Taxation and Customs Union (DG TAXUD) and the US Customs and Border Protection (CBP) and the World Customs Organization (WCO). The database includes detailed information on seizures of IP-infringing goods made by customs officers in 99 economies around the world between 2011 and 2013. For each year, there are more than 100 000 observations in the database; in most cases, each individual observation corresponds to one customs seizure.

The database contains a wealth of information about IP-infringing goods that can be used for quantitative and qualitative analysis. In most cases, for each seizure the database details: the date of seizure, the mode of transport of the fake products, the departure and destination economies, the general statistical category of the goods seized and a detailed description of the goods, the name of legitimate brand owner, the number of products seized and their approximate value.²

For more information on the OECD-EUIPO dataset see OECD/EUIPO (2016).

In addition, two databases were used to source information on small parcels: Eurostat's Comext and Universal Postal Union (UPU).

Eurostat Comext (Eurostat, 2018) is a tailor-made application for external trade – International Trade in Goods Statistics (ITGS) and production statistics (Prodcom). It provides access not only to both recent and historical data of the EU and its individual Members States but also to statistics of a significant number of non-EU countries. Any aggregated and detailed statistics on international trade in goods disseminated through the Eurostat website³ are compiled from Comext. In the context of this research, Comext datasets (Eurostat, 2018) contain information on the mode of transport, including by postal and express services⁴.

UPU (2018) data holds the oldest records of international statistics collected by an international organisation. The UPU's statistical database provides a dynamic overview of postal developments in each country. It contains data from over 200 countries or territories and includes approximately 100 indicators of postal development, grouped in 12 chapters. The data is collected annually from all UPU member countries and published in the Postal Statistics Yearbook.

Overall view

Counterfeit and pirated products originate from virtually all economies, on all continents. The largest source of infringing products that are seized, however, is East Asia, with the People's Republic of China and Hong Kong (China) together accounting for over 80% of the seizures made by other countries during 2011-13 (based on OECD/EUIPO, 2016). The

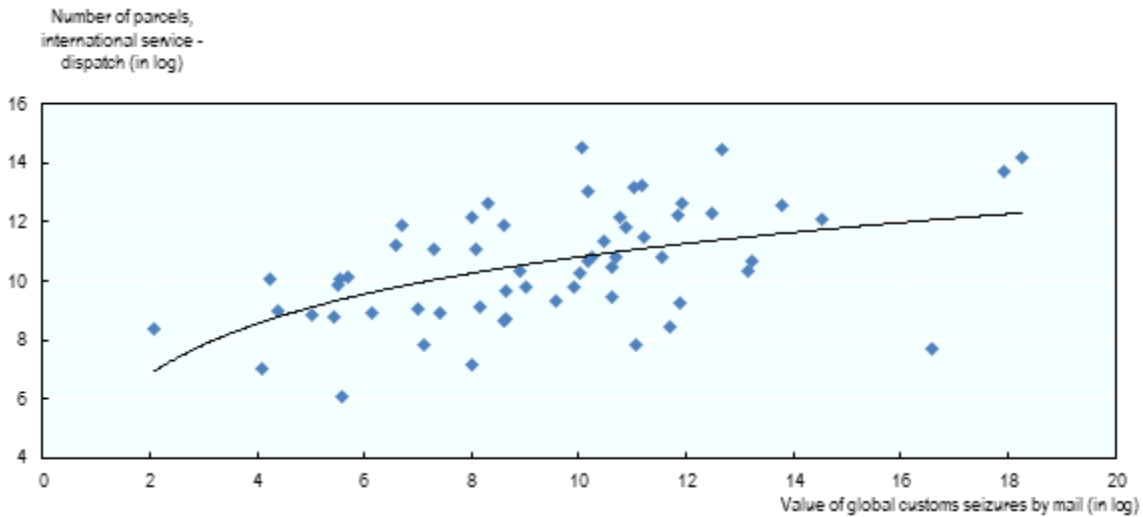
end-markets for infringing products that are traded internationally, on the other hand, are global, led by the United States, European Union and the Middle East.

Misuse of small parcels in the broader context of global trade in postal parcels

A general, aggregated picture on the misuse of small parcels in the global trade in counterfeits can be drawn based on data on postal services provided by the Universal Postal Union (UPU).

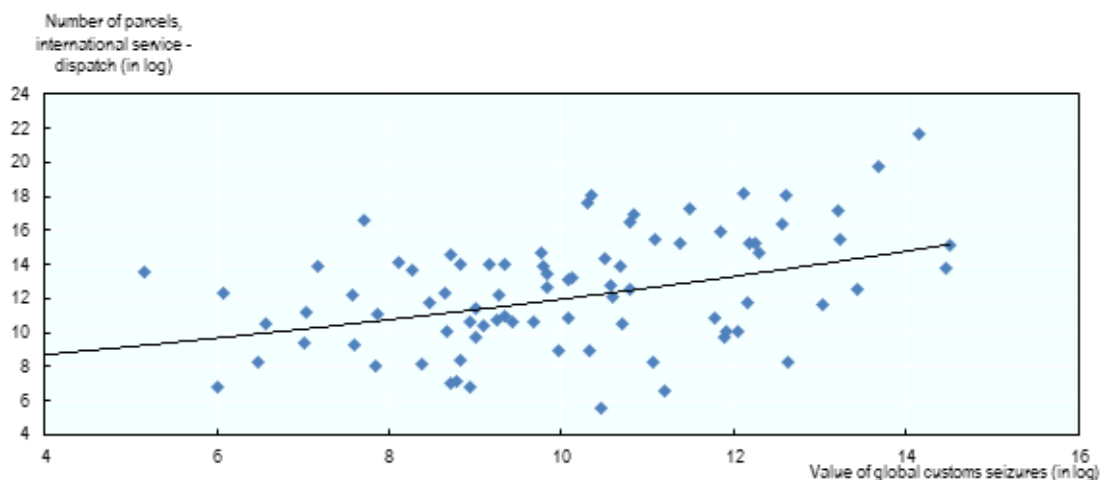
Figure 3.1 and Figure 3.2 combined indicate that the intensity of trade through postal services is clearly correlated with the value of counterfeit and pirated products exported by economies worldwide by post (Figure 3.1) or in total (Figure 3.2).

Figure 3.1. Global customs seizures by mail and number of parcels internationally dispatched, 2013



Note: Each point corresponds to one economy in 2013.

Sources: OECD/EUIPO (2016) and UPU database (2018c).

Figure 3.2. Global customs seizures and number of parcels internationally dispatched, 2013

Note: Each point corresponds to one economy in 2013.

Sources: OECD/EUIPO (2016) and UPU database (2018c).

Of course, such initial checks are likely to suffer from numerous biases. For example, these simple cross-sectional comparisons of legal and illegal dispatches of parcels might be partially affected by the size of the country. This is why, a more detailed analysis based on disaggregated data by product category is needed to shed more light on the trends in counterfeit and pirated trade (see section below).

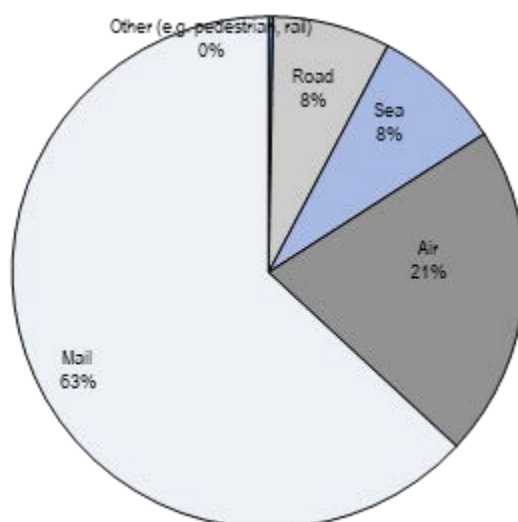
With respect to how internationally traded products are shipped to end markets, data on customs seizures provides insights into the distribution networks that are used. In terms of value of seizures and number of goods seized, sea container ships clearly dominate. However, in terms of number of seizures, during 2011-13, an average of 63% of seizures worldwide involved postal shipments (OECD/EUIPO, 2016). Air transport and sea followed, with slightly more than 20% and 9%, respectively; vehicle transport accounted for about 7%. Other modes (including rail and pedestrian traffic) were negligible.

The number of seizures of small parcels containing counterfeits is very high; but in terms of value other forms of transport dominate

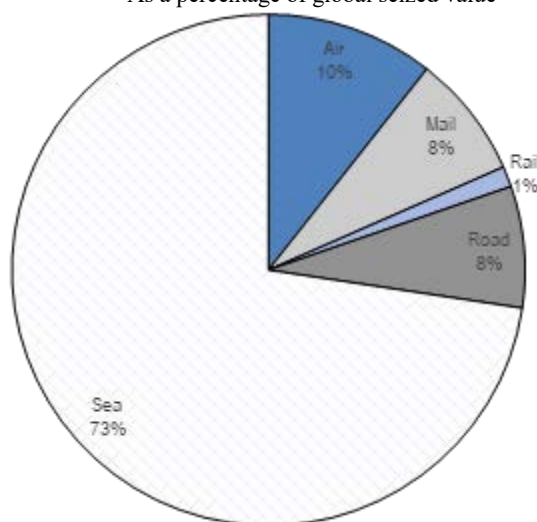
The 2016 OECD-EUIPO study on trade in counterfeit and pirated goods (OECD/EUIPO, 2016) highlighted that the majority of global customs seizures of IP-infringing goods occurred through small parcels, that is through postal or courier routes and solutions. In terms of numbers of seizures, from 2011-13, nearly 63% of the number of customs seizures of counterfeit and pirated goods worldwide arrived via mail, i.e. via postal and courier routes (Figure 3.3, a). However in terms of the value of seizures container ships clearly dominate (Figure 3.3, b).

Figure 3.3. Size of seized shipments of IP-infringing products, 2011-13

As percentage of total customs seizures of counterfeit and pirated goods



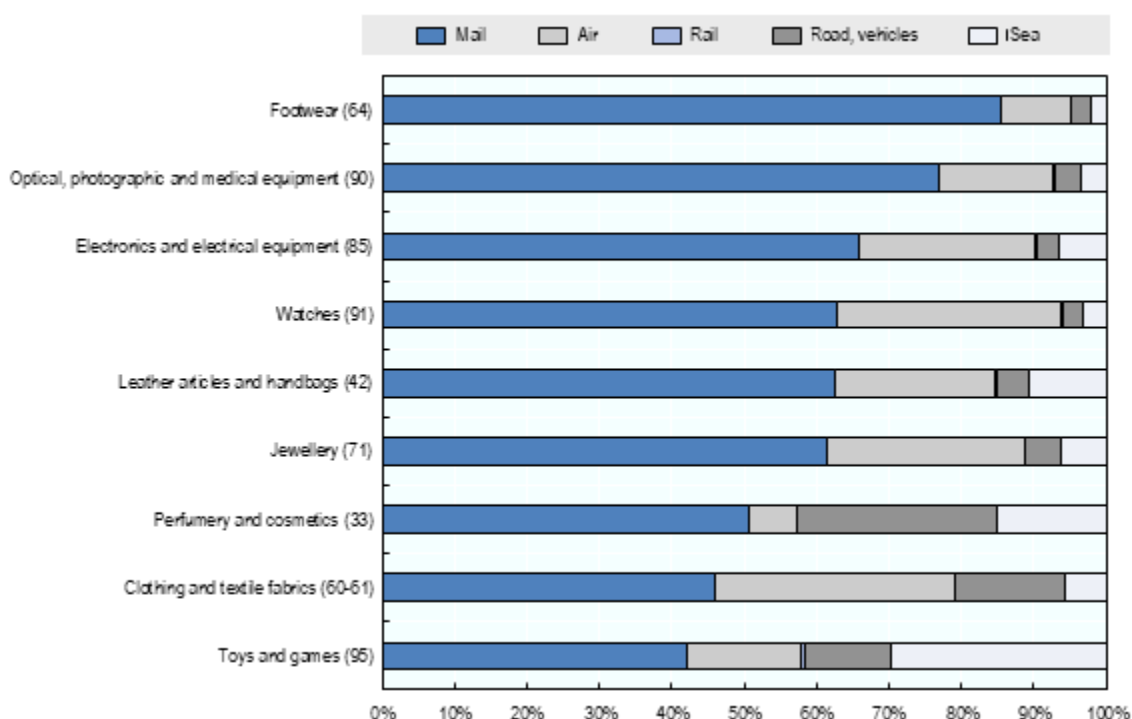
As a percentage of global seized value



The subsequent OECD-EUIPO analysis (OECD/EUIPO, 2017) focused on the global diffusion of counterfeit and pirated products for a few specific IP-intense and tradable product categories, including fast-moving consumer goods such as clothing, footwear or cosmetics, and business-to-business products, such as spare parts and computer chips.⁵ In all sectors, counterfeit seizures occur principally in the mail mode. This is illustrated in Figure 3.4 below.

Figure 3.4. Counterfeits seized in mail across selected IP-intensive sectors, 2011-13

As a percentage of total customs seizures worldwide



Source: OECD/EUIPO (2017), *Mapping the Real Routes of Trade in Fake Goods*, <http://dx.doi.org/10.1787/9789264278349-en>.

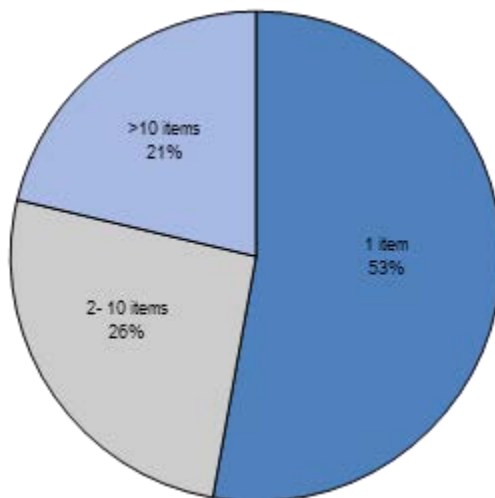
More specifically, Figure 3.4 above shows that, between 2011 and 2013, 84% of seized shipments of counterfeit footwear, 77% of fake optical, photographic and medical equipment (mostly sunglasses) and 66% of customs seizures of ICT devices concerned postal parcels or express shipments. This is also the case for more than 63% of customs seizures of counterfeit watches, leather articles and handbags, and jewellery.

The size of seized shipments of counterfeits by postal parcels is very small

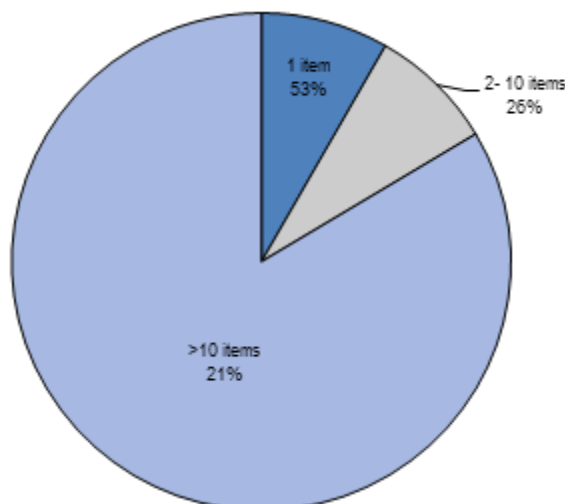
In terms of value, the share of large shipments by mail (i.e. containing more than ten items) tend to dominate (Figure 3.5, b). However, the analysis in terms of the number of global customs seizures indicates that size of shipments seized in mail or express courier transport channels tends to be very small. This is illustrated in Figure 3.5, a) below, which indicates that from 2011 to 2013, 53% of global customs seizures concerning postal shipments included only 1 item and 26% between 2 and 10 items. This means that small packages, with 10 items or less, account for the majority of the number of counterfeiting seizures.

Figure 3.5. Size of seized postal parcels, 2011-13

a) As a percentage of the number of global customs seizures concerning postal shipments



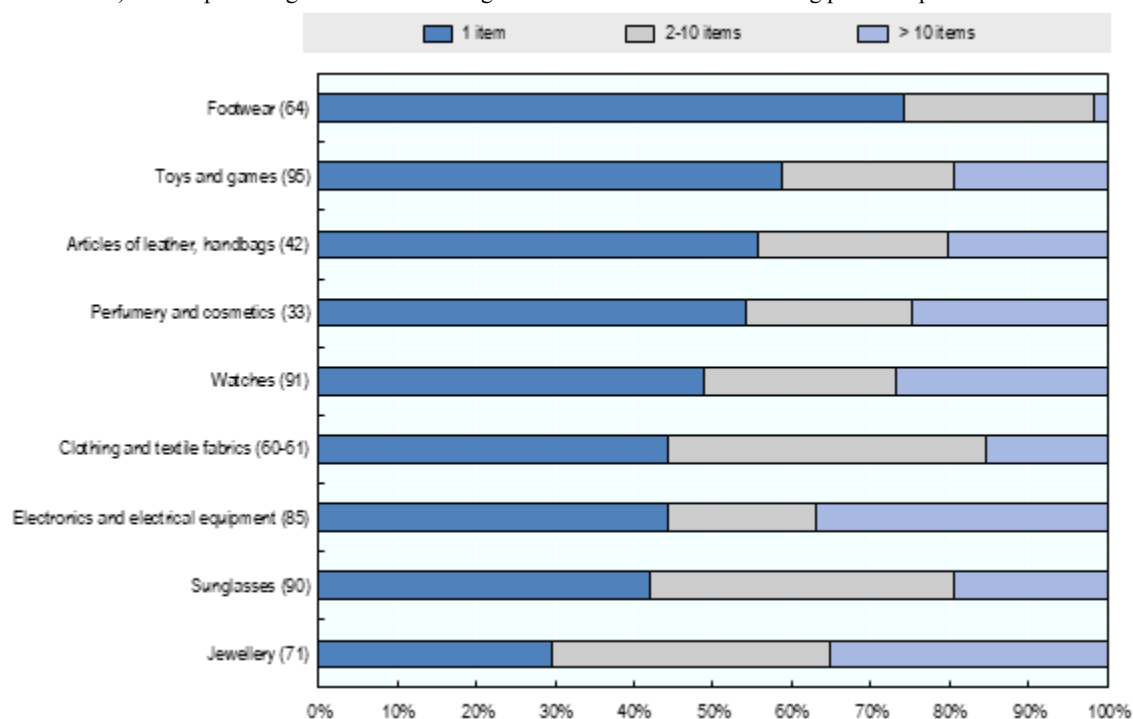
b) As a percentage of globale seized value concerning postal shipments



It is also important to note that for the most IP-intense product categories studied in the OECD/EUIPO report (2017), the size of seized postal parcels tends also to be very small. This is illustrated by Figure 3.6 below, which shows that between 2011 and 2013, 77% of customs seizures of fake footwear shipped by postal parcels included only 1 pair. Similarly, 60% of fake toys and games, 56% of fake articles of leather and handbags, 55% of counterfeit perfumery and cosmetics and 49% of fake jewellery related to shipments by mail or express couriers included only 1 item. This highlights the role of de-consolidated shipments via small parcels.

Figure 3.6. Size of seized shipments of postal parcels across selected IP-intense sectors, 2011-13

a) As a percentage of the number of global customs seizures concerning postal shipments



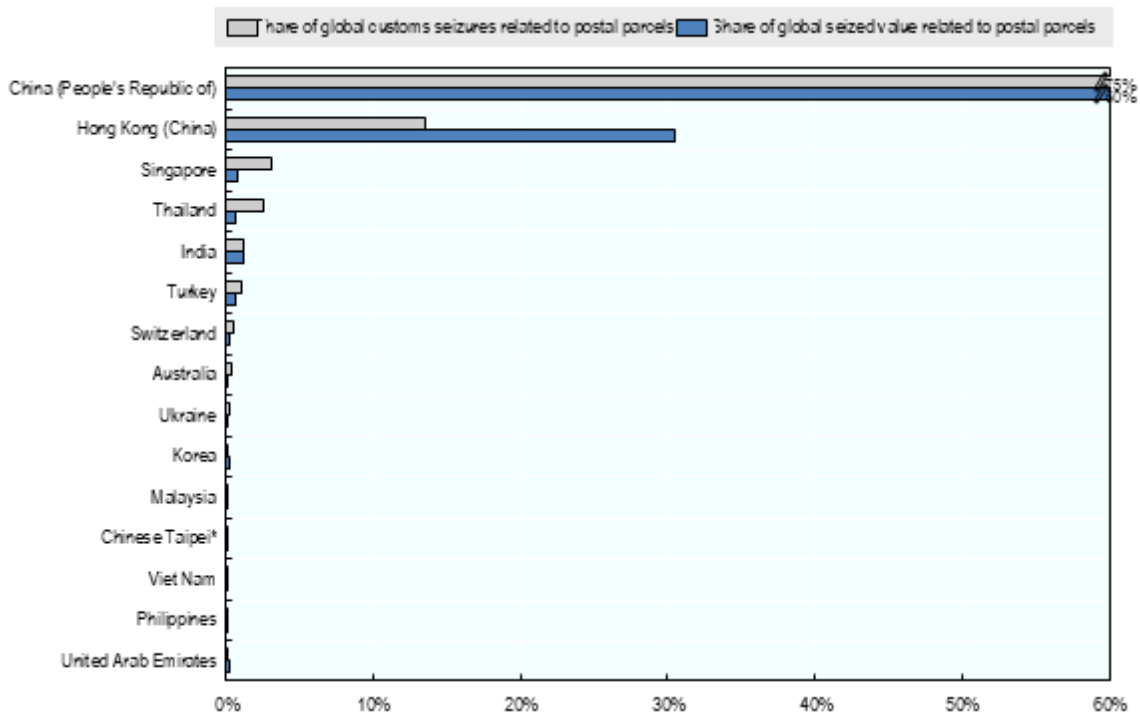
Provenance economies of small parcels containing fakes

The key points of provenance of seized counterfeit products shipped by mail or express couriers are reported in Figure 3.7. The People's Republic of China appears as the largest provenance economy for postal shipments, being the origin of 60% of the total value of postal parcels containing fakes and seized worldwide. It is followed by Hong Kong (China), India, Singapore, Thailand and Turkey.

The key provenance economies in the global trade of seized small parcels in counterfeit products are also classified in the top ten provenance economies for each one of the products most affected by infringement studied in OECD/EUIPO (2017). Those are reported in detail in Table A B.1.

If some of these key provenance economies, such as the People's Republic of China, India and Thailand, have been identified as key producers of counterfeit and pirated products, others, such as Hong Kong (China) and Singapore, have been identified as key transit points (see OECD/EUIPO, 2017).

Figure 3.7. Top 15 provenance economies of seized postal parcels containing counterfeits, 2011-13



Seizures by post from the top provenance economies of counterfeit goods

Figure 3.8 presents the ratio of percentage of postal seizures in a given economy to the average percentage of postal seizures across the top 20 provenance economies. This figure indicates that Asian economies are more likely to use post mode for exporting counterfeit goods. The countries where the ratio is particularly high are Cambodia, India, Macau (China), the People's Republic of China, Singapore and Thailand. For India, Macau (China) and Singapore, the seizures by post are almost 2.5 times higher than on average. However, the other countries of the 20 top provenance economies are less likely to export fakes by using the postal mode. In Morocco, Pakistan, Panama, Senegal, Suriname, Turkey and the United Arab Emirates, the ratio is low and largely under 0.5.

Figure 3.8. Economies most likely to use postal parcels for exporting fake goods among the top 20 provenance economies in terms of their propensity to export counterfeit goods (GTRIC-e, average 2011-13)

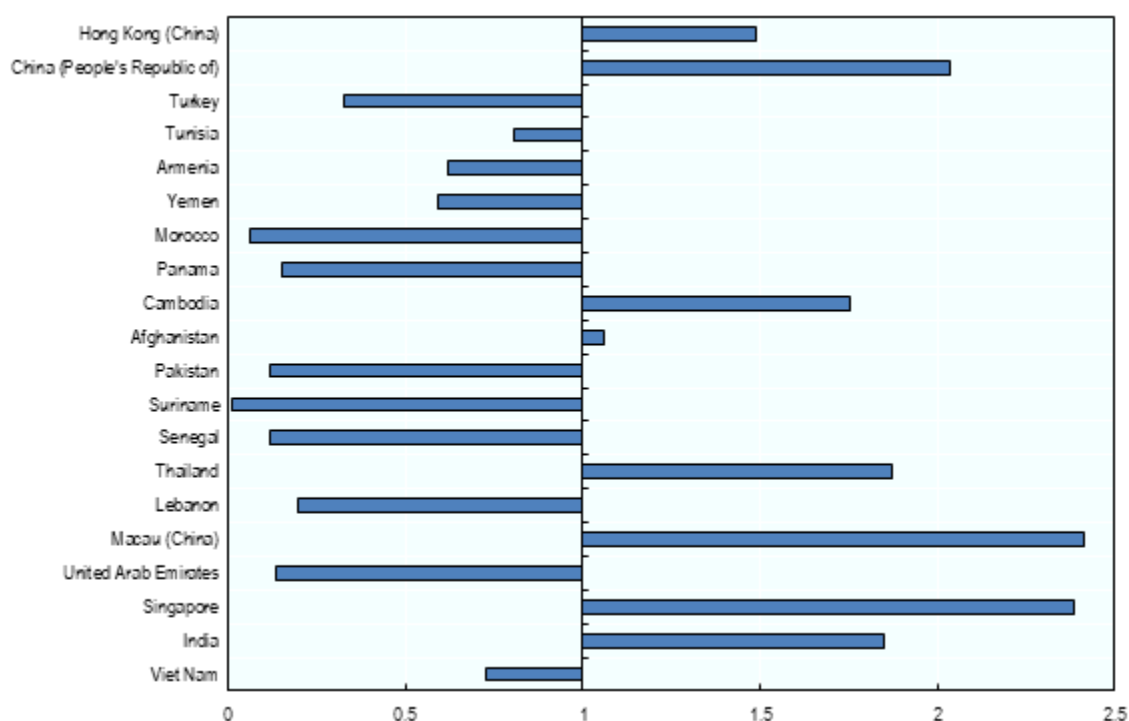
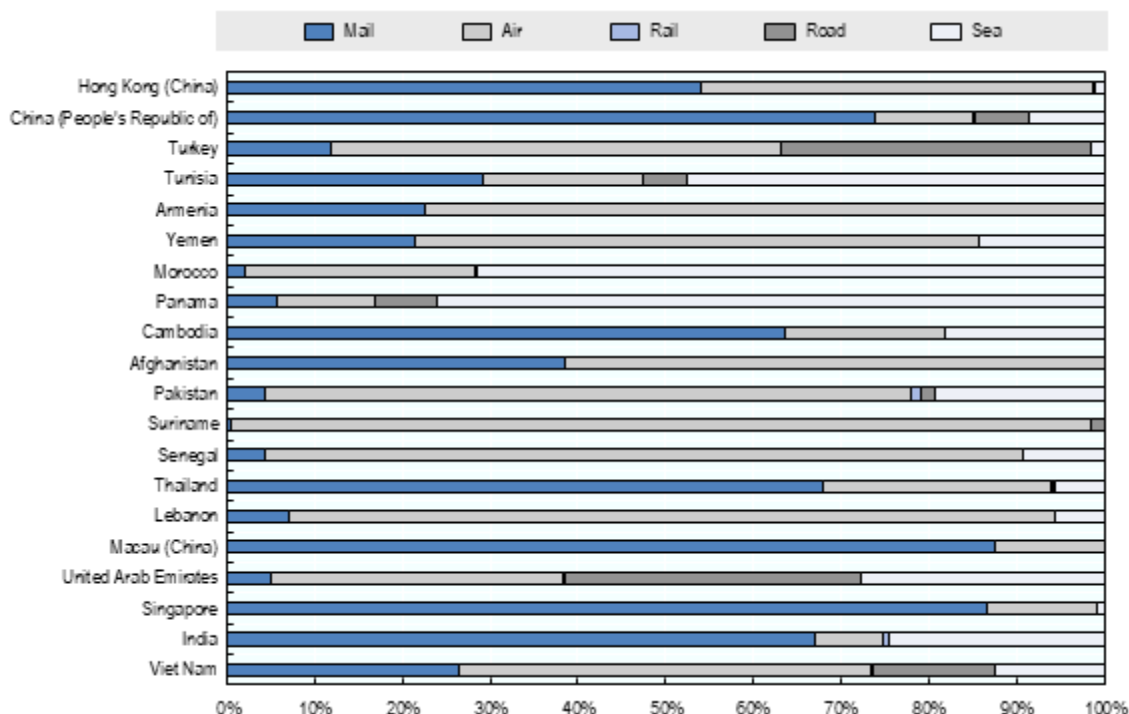


Figure 3.9 lists the transport modes used by top provenance economies for exporting fake goods. An almost identical list of economies more likely to use the post has been identified. In Macau (China) (87.5%), Singapore (86.6%), the People's Republic of China (73.9%), Thailand (68%), India (67.1%) and Cambodia (63.6%), post is the preferred mode for exporting counterfeit products. In Macau (China) and Singapore, around 90% of exports of counterfeit goods are sent by mail. However, in Suriname (0.4%), Morocco (2.2%), Senegal (4.3%), Pakistan (4.3%), the United Arab Emirates (5%), Panama (5.6%) and Turkey (11.8%), the share of export of fakes by the post is low. Afghanistan sets itself apart as it serves as an intermediary in using the postal mode for transporting fake goods.

Figure 3.9. Share of export of fakes by transport mode in terms of number of global seizures for the top 20 provenance economies of fake goods in terms of GTRIC-e (average 2011-13)



The number of seizures, however, is only part of the story. A closer examination of EU experience shows that, as above, most interceptions of counterfeit products occurred in postal channels in 2017 (65%), followed by air (20%) and express services (11%). In terms of the number of items intercepted, however, while the number of sea seizures accounted for only 3% of the total in 2017, they accounted for 64% of the total number of items seized, and 35% of the total value of seizures (Table 3.1). This reflects the fact that bulk shipments are more likely to be moved by vessels; sea seizures yielded an average of 12 400 items per seizure, as compared to 22 items per postal seizure.

Table 3.1. EU seizures, by means of transport used, in 2010, 2015, 2016 and 2017

Year	2010		2015		2016		2017	
Means of transport	Number of seizures	% of total	Number of seizures	% of total	Number of seizures	% of total	Number of seizures	% of total
Air	18 645	24	14 970	19	14 166	22	11 336	20
Express services	2 101	3	5 418	7	5 241	8	6 367	11
Post	48 997	62	57 185	71	41 236	65	37 232	65
Road	85	(1)	2	(1)	11	(1)	11	(1)
Rail	5 681	7	1 073	1	667	1	851	1
Sea	3 602	5	2 450	3	1 863	3	1 636	3
Total	79 111	100	81 098	100	63 184	100	57 433	100
	Number of items seized (in thousands)	% of total	Number of items seized (in thousands)	% of total	Number of items seized (in thousands)	% of total	Number of items seized (in thousands)	% of total
Air	6 313	6	4 865	12	4 579	11	4 433	14
Express services	3 410	3	2 200	5	2 228	5	2 770	9
Post	1 035	1	893	2	911	2	834	3
Road	272	(1)	(2)	(1)	15	(1)	38	-1
Rail	7 945	8	2 648	7	5 910	14	3 113	10
Sea	84 331	82	30 123	74	27 743	67	20 223	64
Total	103 307	100	40 729	100	41 387	100	31 411	100
	Value of seizures (in thousands of EUR)	% of total	Value of seizures (in thousands of EUR)	% of total	Value of seizures (in thousands of EUR)	% of total	Value of seizures (in thousands of EUR)	% of total
Air	203 851	18	118 846	19	186 155	28	127 986	22
Express services	26 951	2	87 155	14	51 570	8	118 537	20
Post	36 569	3	57 790	9	47 234	7	101 845	17
Road	3 235	(1)	5	(1)	709	(1)	5 268	1
Rail	109 102	10	52 853	8	14 923	2	28 544	5
Sea	730 012	66	325 459	51	372 308	55	202 963	35
Total	1 109 720	100	642 108	100	672 899	100	585 142	100
	Number of items per seizure		Number of items per seizure		Number of items per seizure		Number of items per seizure	
Air	339		325		323		391	
Express services	1 623		406		425		435	
Post	21		16		22		22	
Road	3 203		11		1 338		3 415	
Rail	1 399		2 467		8 861		3 658	
Sea	23 412		12 295		14 892		12 361	
Overall	1 306		502		655		547	

Notes:

1. Less than 0.5%.

2. Less than USD 500.

Sources: EC (2015), *Report on the EU Customs Enforcement of Intellectual Property Rights: Results at the EU Border, 2014*, https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/customs_control/s/counterfeit_piracy/statistics/2015_ipr_statistics.pdf and EC (2018), *Report on the EU Customs Enforcement of Intellectual Property Rights: Results at the EU Border, 2017*, https://ec.europa.eu/taxation_customs/sites/taxation/files/report_on_eu_customs_enforcement_of_ipr_2017_en.pdf.

The data further show that the total number of cases, items and values of seizures performed in the EU decreased during 2010-17. There was, however, a sharp increase in the number

of cases and value of express shipment interceptions (up 200% and 340% respectively); moreover, while the number of postal cases declined, the value of the interceptions climbed by close to 180%.⁶

The EU data also do not show a clear trend in the number of seizures and values of seizures in rail and sea transport, as opposed to the growing values of seizures in small parcels (postal and courier). This could be due to two main factors. First, it could reflect changes in transport modes of illicit trade. Trade in fakes could recently have shifted from containers transport to rail and possibly for some goods to express services. Second, it could reflect changes in the operation techniques and intensity of enforcement services, with a shift of enforcement focus towards small parcels. More research is needed to understand these changes and to determine the relative importance of these two factors.

Similar developments occurred in the United States, where the number and value of seizures through express channels rose by 234% and 77% respectively, between 2010 and 2017 (Table 3.2). By 2017, their share of seizures reached 60% and 36% of the total number and value respectively, up from 31% and 12% in 2010. The number and value of seizures from cargo channels, on the other hand, fell by 38% and 49% between the 2 years.

Table 3.2. US seizures by means of transport used, in 2010, 2015, 2016 and 2017

Year	2010		2015		2016		2017	
Means of transport	Number of seizures	% of total	Number of seizures	% of total	Number of seizures	% of total	Number of seizures	% of total
Express services	6 116	31	14 897	52	17 363	55	20 417	60
Mail	9 743	49	10 834	38	11 236	36	9 992	29
Cargo	2 309	12	1 287	4	1 621	5	2 628	8
Other	1 791	9	1 847	6	1 250	4	1 106	3
Total	19 959	100	28 865	100	31 560	100	34 143	100
	MSRP value of seizures*	% of total	MSRP value of seizures*	% of total	MSRP value of seizures*	% of total	MSRP value of seizures*	% of total
Express services	242.8	17	436.6	32	614.5	44	429.3	35
Mail	105.5	7	94	7	100.4	7	128.4	11
Cargo	776.5	55	495.6	37	457.7	33	397.5	33
Other	288.6	20	326.3	24	210.3	15	251.1	21
Total	1 413.4	100	1 352.5	100	1 382.9	100	1 206.3	100

Note: * In millions of US dollars.

Sources: Homeland Security (n.d.), *Intellectual Property Rights Seizure Statistics: Fiscal Year 2017*, www.cbp.gov/sites/default/files/assets/documents/2018-Feb/trade-fy2017-ipr-seizures.pdf; CBP (n.d.a), *Intellectual Property Rights: Fiscal Year 2016 Seizure Statistics*, www.cbp.gov/sites/default/files/assets/documents/2018-Jan/FY2016%20IPR%20Seizure%20Statistics%20Book%20%28PDF%20Format%20g%29_OT.pdf; and CBP (n.d.b), *Intellectual Property Rights: Fiscal Year 2011 Seizure Statistics*, www.cbp.gov/sites/default/files/documents/FY2011%20IPR%20Seizure%20Statistics_0.pdf.

Product trends

A review of the number of items involved in seizures and the modes in which the seizures were made reveals that there was significant variation in the role that small shipments played among product categories during 2011-13. Overall, the average number of items per seizure during 2011-13 was quite small, with 66% accounting for up to 10 items. Single items alone accounted for 38% of the total (OECD/EUIPO, 2016). A closer examination reveals more than 90% of footwear and perfumery seizures involved 10 or fewer items and more than 60% involved only one item. Moreover, the number of items seized per seizure

was 10 or less in more than half of the seizures in all product categories analysed (Table 3.3).

Table 3.3. Share of seizures made, by number of items seized, 2011-13 (% of total)

Sector	10 or less items	1 item
Perfumery and cosmetics	92	62
Footwear	92	64
Clothing and fabrics	70	31
Leather articles and handbags	67	39
Optical, photographic and medical equipment	63	29
Toys, games and sports equipment	59	37
Jewellery	52	20
Electronics and electrical equipment	52	30

A review of the seizures made by different conveyance modes also reveals significant variance among product areas. During 2011-13, 85% of footwear seizures were made through postal and express channels, which are the domain of small shipments (Table 3.4). In contrast, only 42% of the number of seizures of fake toys and games were made through the channels associated with small shipments. The postal channel remains popular for counterfeits. In 2016, some 7.3 million mobile phones and accessories were discovered in mail parcels, in 2 166 seizures (WCO, 2017a). The number of items per seizure averaged 3,361 making it the most popular channel for the counterfeits as 707 freight container seizures yielded only 2.2 million items (an average of 3 057 items per seizure). This could reflect the nature of mobile phones and associated equipment. These items are small but expensive and they become outdated quickly so it is not surprising that the quickest transport mode possible is used to deliver them, whether genuine or counterfeit.

Table 3.4. Share of seizures made via post and express conveyance, 2011-13.

Sector	Share of global customs seizures concerning postal parcels within the product category
Footwear	85
Optical, photographic and medical equipment	77
Electronics and electrical equipment	66
Leather articles and handbags	63
Jewellery	61
Perfumery and cosmetics	51
Clothing and fabrics	46
Toys, games and sports equipment	42

Detection techniques

Risk assessment can play an important role in improving the ability of customs to intercept counterfeit trade, in a cost-effective manner, consistent with the concurrent need to facilitate trade. As indicated earlier, advance commercial information on small shipments is uneven or contains gaps. There are, moreover, important data quality issues that remain due to omissions or mistakes in data (either accidental or intentional) that affect the risk-assessment process. Low information quality and the lack of information or description on small packages are important in this regard. The consequences are significant as the capacity of authorities to reduce risks to health, safety and the security of citizens is challenged.

Risk assessment is, however, only one among the techniques used. Intelligence-led investigations, random screening and routine controls are also used (WCO, 2017a). A review of the detection methods used in seizures in 2016 reveals that risk profiling and routine checks were the dominant means of detection. Risk profiling was most successful in finding counterfeits shipped in by air, followed strongly by routine checks. The routine checks, however, yielded by far the highest number of items seized. In the case of articles shipped by mail, risk profiling exceeded routine checks by a small margin in terms of the number of seizures, but, as with sea seizures, routine checks yielded the highest number of items seized, by far. Across all conveyance methods, routine controls accounted for the seizure of 260 million items, as compared to 29 million through risk profiling. This is an indication of the need to invest more in risk management systems and to share information better among the customs authorities.

Joint actions can also be important. The WCO co-ordinated two operations a number of years ago, targeting counterfeits shipped through the post and courier services. Operation Global Hoax, which took place in 2010, resulted in the seizure of tens of thousands of pirated and counterfeit CDs and DVDs at international mail facilities and express courier depots in the course of a global operation.⁷ Forty-two countries participated in the operation, which aimed at stemming the trade in postal and courier channels. More than 782 parcels were seized, yielding in excess of 142 000 DVDs and 28 000 CDs. Customs also seized over 271 000 other counterfeit items, including razors, pharmaceuticals, curling irons, household goods, watches, mobile phones and accessories, clothing, computer accessories, jewellery, video game gadgets, MP3/MP4 players and leather goods. . The operation resulted in seizures of over USD 5 million worth of counterfeit and pirated DVDs and CDs in the United States alone .

Operation Global Hoax II, which took place from November 2011 to January 2012, also focused on postal and courier channels.⁸ Forty-three countries participated in the operation, which shared information and intelligence using CENcomm, the WCO's secure communication tool. More than 30 000 parcels were detained and over 150 000 counterfeit or pirated items were seized, including toys, pharmaceuticals, electronic goods, clothing, TV/movie DVDs, watches, mobile phones and handbags as well as other illicit goods such as cannabis seeds, anabolic steroids and amphetamines.

Small shipment market trends

In terms of trends, some preliminary, general observations can be drawn based on existing reports. Overall, the share of small shipments, mostly by post or by express services, is growing (OECD/EUIPO, 2016 and WCO, 2016). An examination of the international market for courier, express and parcel products in 13 European countries⁹ reveals high growth in recent years, with revenue increasing by 5% per year during 2014-16, from EUR 14.6 billion to 16.2 billion, while the number of shipments grew more sharply, by about 10% per year, from 592 million to 720 million (Table 3.5) (Salehi, van de Voorde and Matuska, 2017). The share of shipments made using standard methods exceeded those shipped by express on a revenue basis, averaging 56% and 44% respectively, with significant variation amongst countries. Business-to-consumer (B2C) growth topped business-to-business (B2B), both in standard and express shipping categories, fuelled by a boom in e-commerce. The weight of shipments averaged 19 kg in the case of standard shipments, and 7 in the case of express. Growth is expected to continue, with lighter weight e-commerce shipments commanding higher market shares.

Table 3.5. International courier, express and parcel market in 13 European countries, 2014-16

Item	2014	2015	2016
Revenues	Millions of EUR		
Express	6 530	6 770	7 118
Standard	8 116	8 633	9 107
Total	14 646	15 402	16 224
Number of shipments	In millions		
Express	147	159	171
Standard	445	498	549
Total	592	657	720
Revenue per shipment	EUR per shipment		
Express	44	43	42
Standard	18	17	17
Total	25	23	23

Note: The 13 countries are Austria, the Czech Republic, France, Germany, Italy, the Netherlands, Poland, Romania, Russia, Spain, Sweden, Turkey and the United Kingdom.

Source: Salehi, F., D. van de Voorde and J. Matuska (2017), *Europe's International CEP Market: Solid Growth with Challenges Ahead*, www.atkearney.de/documents/856314/14626670/2017.09_CEP+Study_V07+%28secured%29.pdf/70575347-7e07-1cee-b4bb-83c59c7b99df.

The Kearney assessment (Salehi, F., D. van de Voorde and J. Matuska, 2017) does not include letter packets in its parcel totals, the volume of which could well exceed that of parcels. In the United States, for example, the postal service reported receipt of about 498 million parcels and letter packets in calendar year 2017 (Office of the Inspector General, 2018). Further information on the share of packets can be gleaned from an assessment of 2016. In that year, some 605 million pieces of letter mail were received from foreign destinations; most of these letters (i.e. more than 300 million items) were packets (GAO, 2017). This would suggest that more than 60% of total volume was in the form of packets.

Industry-specific analysis

Perfumery and cosmetics

The perfumery and cosmetics industry refers to products in the HS 33 product category. Over the period 2011-13, there are various examples of counterfeit perfumery and cosmetics recorded in the OECD/EUIPO database of customs seizures, such as counterfeit make-up, creams, aftershaves, shampoos, luxury perfumes, nail sets, and even toothpaste and toothbrushes. In some cases, these counterfeit products can pose a serious health threat to consumers.

According to calculations in the OECD-EUIPO (2016) study, global trade in counterfeit perfumery and cosmetics was valued at up to USD 5.3 billion (EUR 3.8 billion) in 2013. This represents 4.7% of global trade in perfumes and cosmetics, and places the industry in the top 15 most affected by global counterfeiting and piracy in terms of value.

As noted above, the largest share of shipments of counterfeit perfumery and cosmetics was by mail, accounting for 51% of the total number of global customs seizures of infringing perfumes and cosmetic preparations (Figure 3.10, left panel). The shares of shipments by road (28%), sea (15%) and air (6%) were less significant. The analysis of the value of

customs seizures reflects, however, that the value of shipments made by sea or road was larger than the value of shipments of fake perfumes and cosmetic products by mail (Figure 3.10, right panel).

This is confirmed by Figure 3.11, which indicates that 54% of shipments of counterfeit perfumes and cosmetics preparations made by mail and seized by customs authorities worldwide between 2011 and 2013 included only 1 item, and 21% between 2 and 10 items. Hence, information provided by Figure 3.10 and Figure 3.11 combined confirms that in terms of *value* of seized goods sea transport is by far the most significant mode of transport, even if there are more individual seizures of small parcels.

Figure 3.10. Shipment method for seized counterfeit perfumes and cosmetics, 2011-13

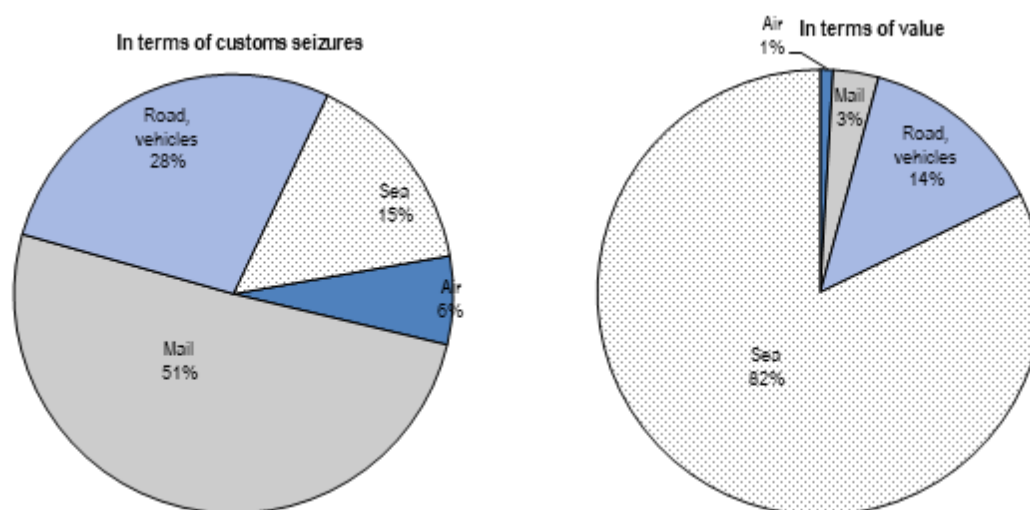
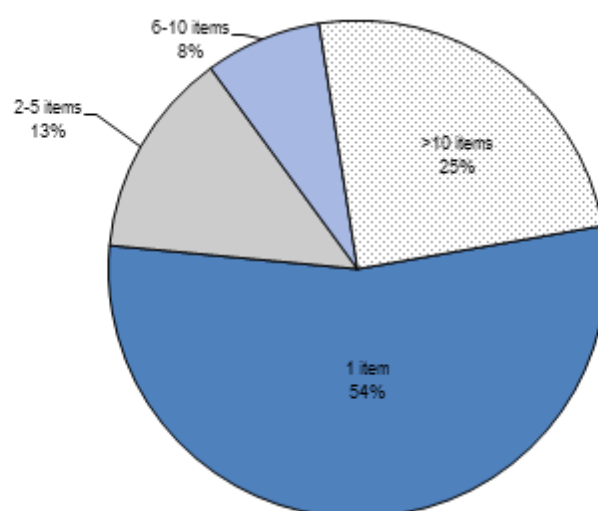
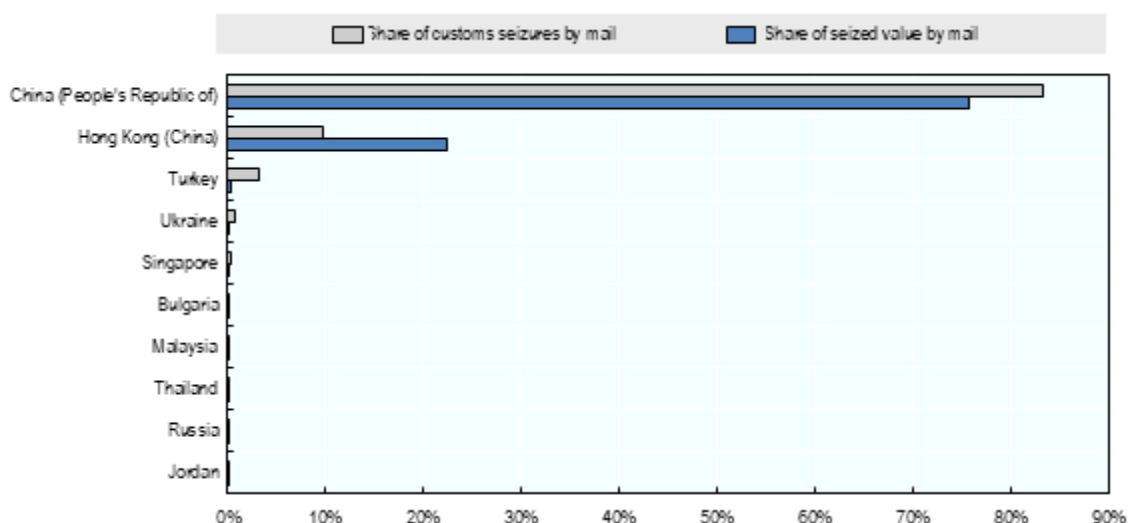


Figure 3.11. Size of seized shipments of IP-infringing perfumes and cosmetics by mail, 2011-13



The OECD-EUIPO (2017) study identifies the People's Republic of China, India, Malaysia, Singapore, Thailand and Turkey as important producers of counterfeit perfumery and cosmetics. Hong Kong (China) and the United Arab Emirates appear to be important hubs for the fakes produced in the People's Republic of China, which are then exported throughout the world.

Figure 3.12. Provenance economies of seized postal parcels containing perfumes and cosmetics, 2011-13

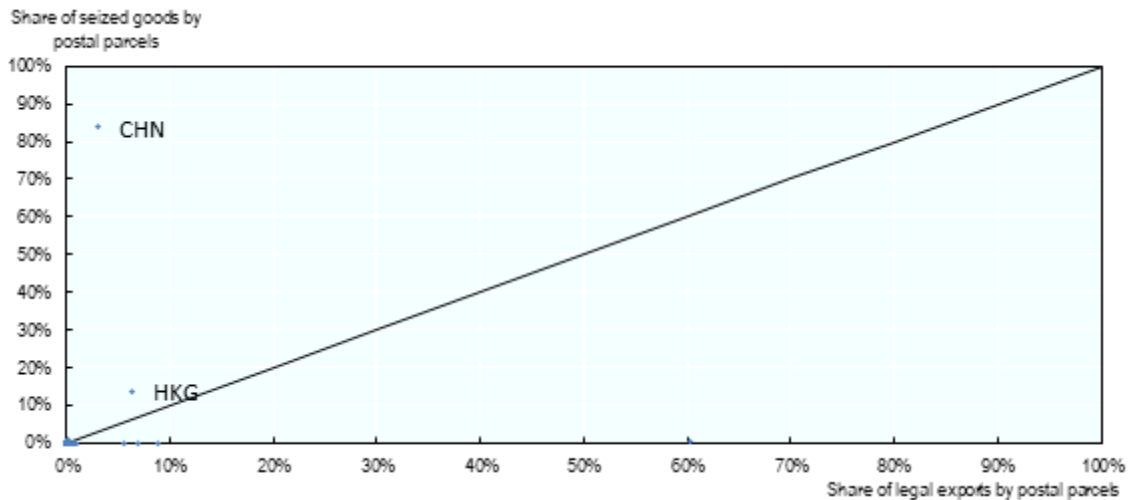


Lastly, the legal flows of perfumes and cosmetics imported from a given economy by small parcels can be compared with the share of seizures of fake perfumes and cosmetics shipped by parcels from that economy (Figure 3.13).

In this figure, the horizontal axis shows for each economy the share of legal exports of perfumes and cosmetics shipped by parcels (postal and express)¹⁰ and the vertical axis shows the share of seizures of fake perfumes and cosmetics originating from that economy by parcels (postal and express). The diagonal line is 45 degrees and follows points where values of axes x and y are the same. It means that all the points above the 45-degree line depict economies where the share of seizures is above the share of legitimate flows by parcels.

For trade in fake perfumes and cosmetics, the People's Republic of China and Hong Kong (China) are the biggest exporters of fake goods in these product categories in small, express and parcel services.

Figure 3.13. Counterfeit perfumes and cosmetics: Share of legal exports in small parcels and share of seizures in small parcels, 2011-13



Leather articles and handbags

The leather articles and handbag industry refers to products in the HS 42 product category. This category notably includes articles of apparel and clothing accessories made of leather or of composition leather as well as trunks, suits, cameras, jewellery, cutlery cases, travel, tool and similar bags wholly or mainly covered by leather, composition leather, plastic sheeting or textile materials.

According to calculations for the OECD-EUIPO (2016) study, global trade in counterfeit articles of leather and handbags was up to USD 8.6 billion (EUR 6.2 billion) in 2013. This represents more than 11.5% of the total trade in leather articles and handbags and makes the industry the most affected by global counterfeiting and piracy in terms of trade percentage.

Over the period 2011-13, the largest share of seized shipments of counterfeit articles of leather and handbags was sent by mail, at 63% of the total number of global customs seizures (Figure 3.14, left panel). However, the share of seized shipments by air (22%), sea (11%) and road (4%) was also significant. The analysis of the value of customs seizures reflects however that the value of shipments made by sea or air were larger than the value of shipments of fake articles of leather and handbags by mail (Figure 3.14, right panel).

This is confirmed by Figure 3.15 which indicates that 56% of seized shipments of IP-infringing leather articles and handbags made by mail between 2011 and 2013 included only 1 item and 24% between 2 and 10 items. Information provided by Figure 3.14 and Figure 3.15 combined confirms that in terms of *value* of seized goods sea transport is by far the most significant mode of transport, even if there are more individual seizures of small parcels.

Figure 3.14. Shipment methods for seized counterfeit articles of leather and handbags, 2011-13

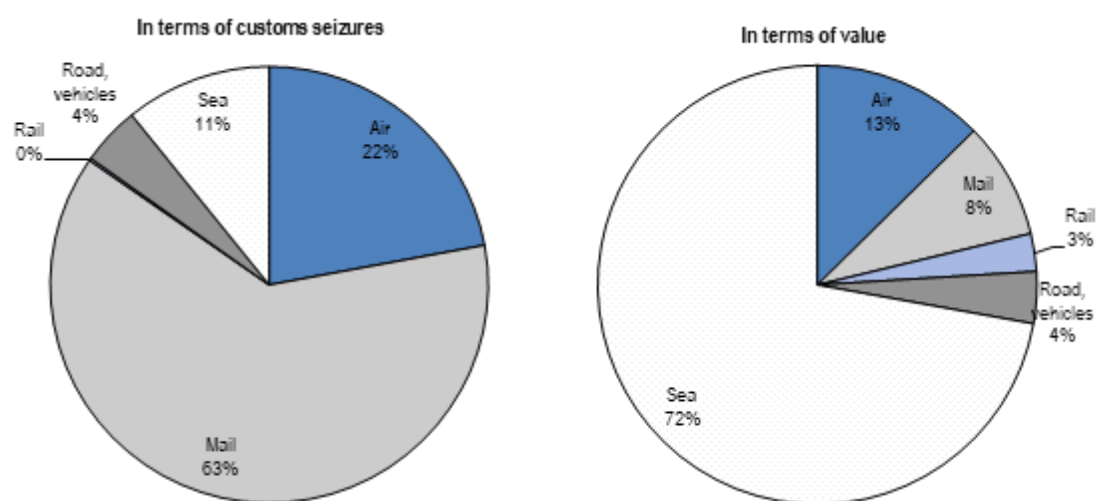
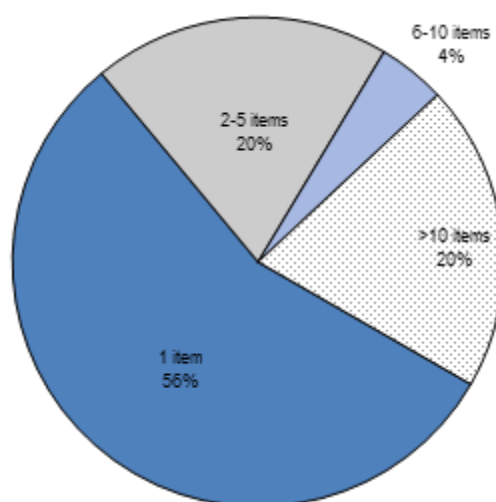
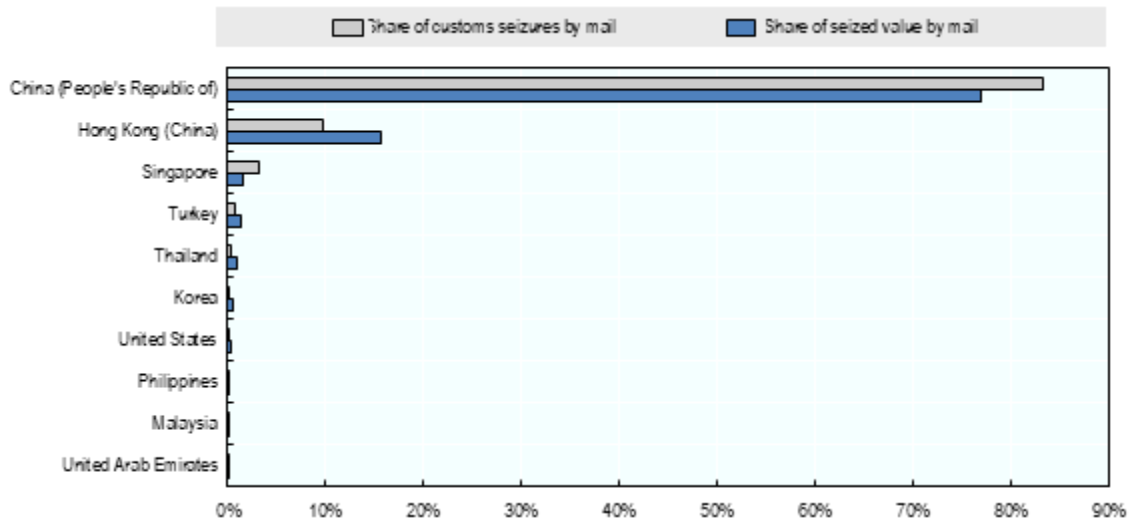


Figure 3.15. Size of seized shipments of IP-infringing leather articles and handbags by mail, 2011-13



The OECD-EUIPO report (2017) identifies China as the main producer of counterfeit leather articles and handbags. It is followed by a group of Far East Asia economies (including Cambodia, Indonesia, Malaysia, the Philippines and Thailand, Tunisia and Turkey). The study also notes that the producers exported counterfeit products across the globe directly, but also used the large Asian trade hubs of Hong Kong (China) or Singapore, and some Middle East economies (e.g. the United Arab Emirates and Kuwait) as transit points.

Figure 3.16. Provenance economies of postal parcels containing counterfeit leather articles and handbags, 2011-13

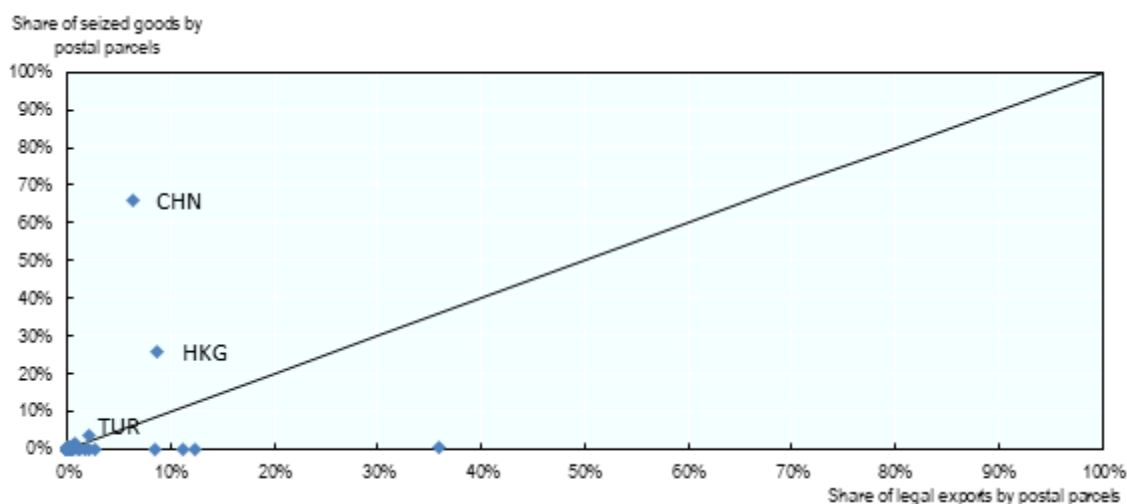


Lastly, Figure 3.17 compares the legal flows of articles of leather and handbags imported from a given economy by small parcels, with a share of seizures of fake articles of leather and handbags shipped by parcels from that economy.

In this figure, the horizontal axis shows for each economy the share of legal exports of leather articles and handbags shipped by parcels (postal and express)¹¹ and the vertical axis shows the share of seizures of fake leather articles and handbags originating from that economy by parcels (postal and express). The diagonal line is 45 degrees and follows points where values of axes x and y are the same. It means that all the points above the 45-degree line depict economies where the share of seizures is above the share of legitimate flows by parcels.

For trade in fake articles of leather and handbags, the People's Republic of China, Hong Kong (China), Singapore and Turkey, are the economies with the highest, relative propensities to export fake goods in these product categories in small, express and parcel services.

Figure 3.17. Counterfeit articles of leather and handbags: Share of legal exports in small parcels and share of seizures in small parcels, 2011-13



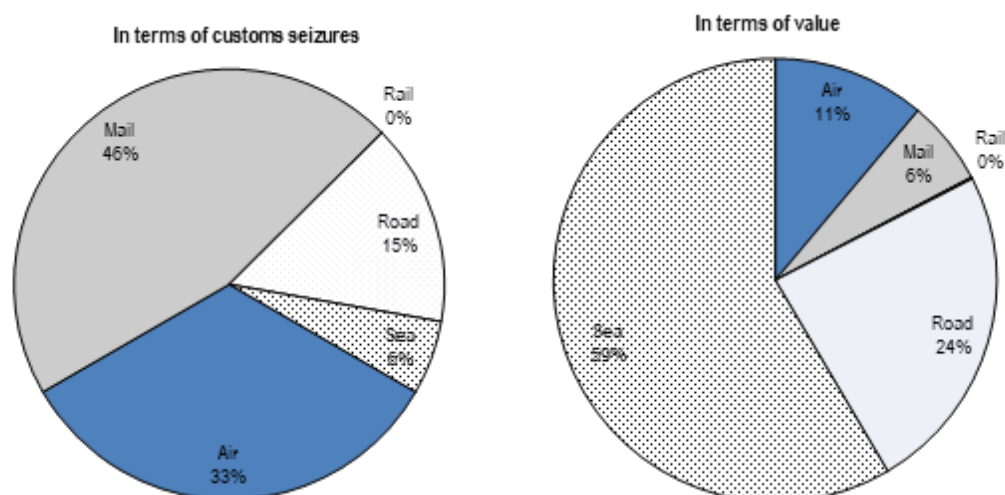
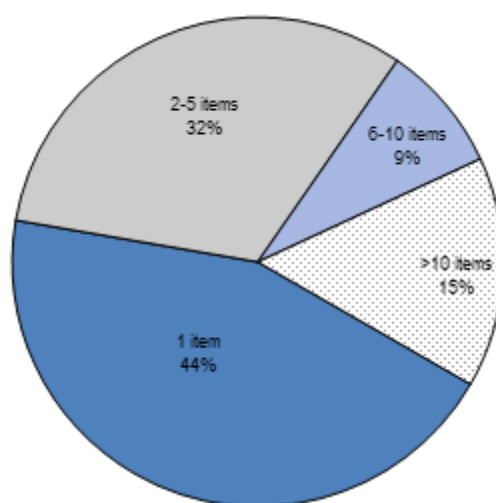
Clothing and textile fabrics

The clothing and fabrics (knitted or crocheted) industry refers to products in the HS 60 and HS 61 product categories, and mainly includes shirts, blouses, coats and suits.

According to calculations for the OECD-EUIPO (2016) study, global trade in counterfeit clothing and fabrics was up to USD 27.7 billion (EUR 20.3 billion) in 2013. This represents more than 11% of global trade in clothing and textile fabrics and ranks the industry as 3rd most affected by global counterfeiting and piracy in relative terms (i.e. as a percentage of world imports within the product category) and 5th in terms of value.

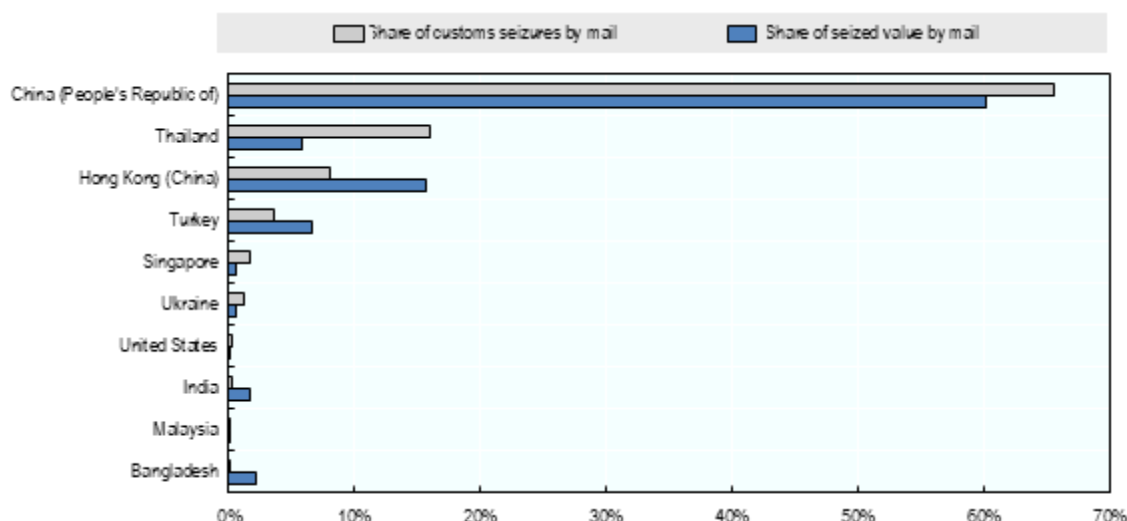
Over the period 2011-13, most seizures of counterfeit clothing and textile fabrics were effectuated while goods were transported by mail at 46% of the total number of global customs seizures reported (Figure 3.18, left panel). Smaller shares went by air (33%), road (15%) and sea (6%). The analysis of the value of customs seizures reflects that the value of shipments made by sea, road or air was larger than the value of shipments of IP-infringing clothing and textile fabrics made by mail (Figure 3.18, right panel).

This is confirmed in Figure 3.19 which indicates that 44% of shipments of fake clothing and textiles fabrics made by mail and seized by customs authorities worldwide between 2011 and 2013 included only 1 item and 41% between 2 and 10 items. Hence, information provided by Figure 3.18 and Figure 3.19 combined confirms that in terms of *value* of seized goods sea transport is by far the most significant mode of transport, even if there are more individual seizures of small parcels.

Figure 3.18. Shipment methods for seized counterfeit clothing and textile fabrics, 2011-13**Figure 3.19. Size of seized shipments of IP-infringing clothing and textile fabrics by mail, 2011-13**

The OECD-EUIPO (2017) study reports that the People's Republic of China is the main producer of counterfeit clothing and textiles fabrics, followed by Viet Nam, Thailand, India and Turkey. It is interesting to note that these economies export the counterfeit textile articles directly worldwide, as well as using the large Asian trade hubs of Hong Kong (China), Singapore and the United Arab Emirates as transit points.

Figure 3.20. Provenance economies of seized postal parcels containing counterfeit clothes and textile fabrics, 2011-13

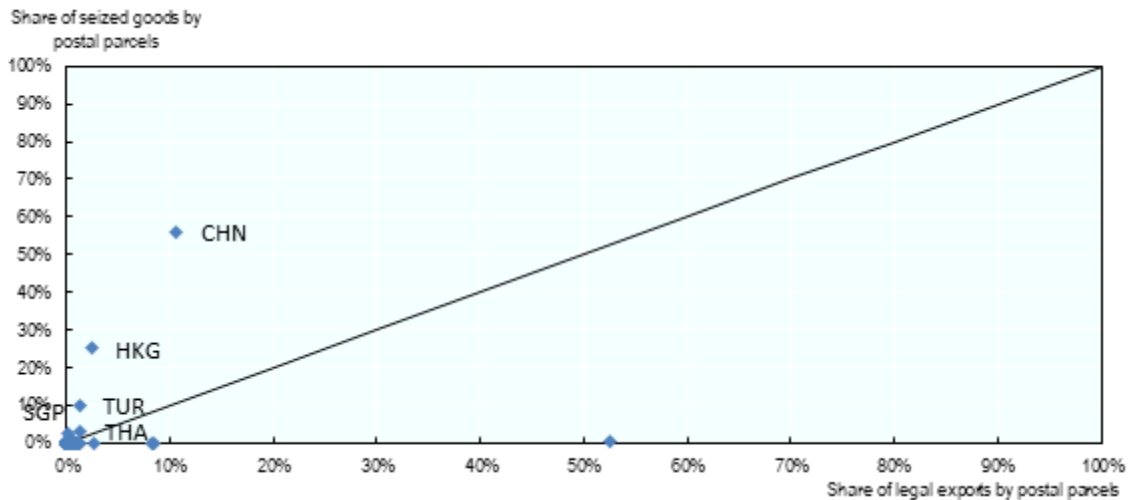


Lastly, Figure 3.21 compares the legal flows of clothing and textile fabrics imported from a given economy by small parcels with a share of seizures of fake clothing and textile fabrics shipped by parcels from that economy.

In this figure, the horizontal axis shows for each economy the share of legal exports of clothing and textile fabrics shipped by parcels (postal and express)¹² and the vertical axis shows the share of seizures of fake clothing and textile fabrics originating from that economy by parcels (postal and express). The diagonal line is 45 degrees and follows points where values of axes x and y are the same. It means that all the points above the 45-degree line depict economies where the share of seizures is above the share of legitimate flows by parcels within focal HS.

For trade in fake articles of clothing and textile fabrics, the People's Republic of China, Hong Kong (China), Thailand and Turkey are the economies with the highest relative propensities to export fake goods in these product categories in small, express and parcel services.

Figure 3.21. Counterfeit clothing and textile fabrics: Share of legal exports in small parcels and share of seizures in small parcels, 2011-13

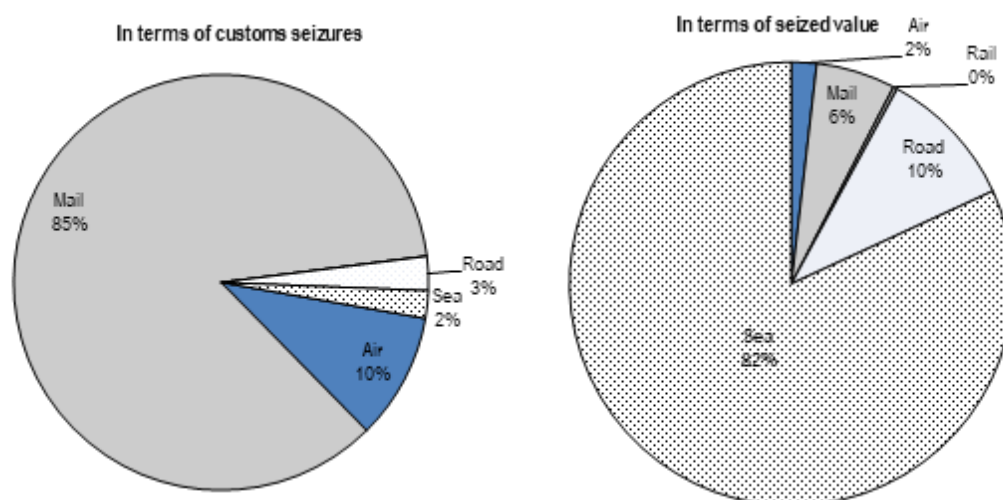
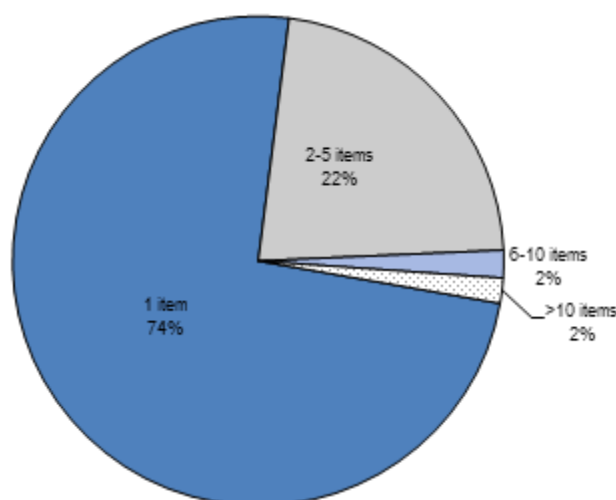


Footwear

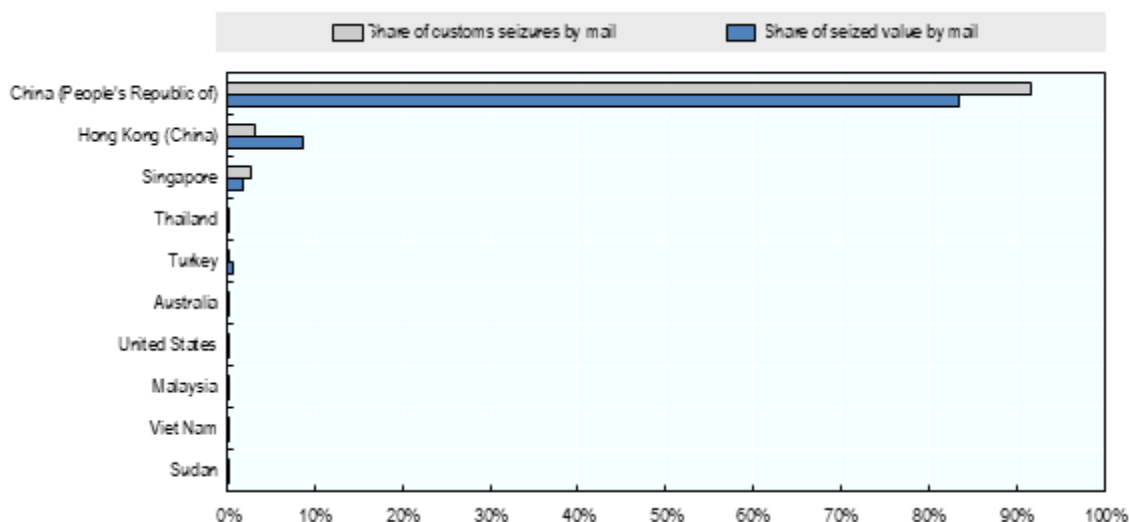
The footwear industry refers to products in the HS 64 product category. According to calculations in the OECD-EUIPO (2016) study, global trade in counterfeit footwear was up to USD 13.3 billion (EUR 9.7 billion) in 2013. This represented 10.5% of global trade in footwear and made the industry the 5th-most affected by global counterfeiting and piracy in relative terms (i.e. as a percentage of world imports within the product category) and 10th in terms of value.

Over the period 2011-13, the major share of counterfeit footwear seizures was sent by mail (85%) (Figure 3.22, left panel). However, the analysis of the value of customs seizures reflects that the value of shipments made by sea was by far larger than the value of shipments of fake footwear made by mail (Figure 3.22, right panel).

This is confirmed in Figure 3.23 which indicates that 74% of shipments of counterfeit footwear made by mail and seized by customs authorities worldwide between 2011 and 2013 included only 1 item and 24% between 2 and 10 items. Information provided by Figure 3.22 and Figure 3.23 combined confirms that in terms of value, sea transport is the largest channel for seized fake footwear, accounting for more than 80%. However, in terms of number of seizures small parcels are the most frequently reported in global trade in counterfeit footwear.

Figure 3.22. Shipment methods for seized counterfeit footwear, 2011-13**Figure 3.23. Size of shipments of seized counterfeit footwear by mail, 2011-13**

The OECD- EUIPO study identifies the People's Republic of China as the main producer of counterfeit footwear, followed by a group of Far East Asia economies, including Malaysia, the Philippines, Thailand and Viet Nam. Counterfeiters located in these five economies export directly to Europe and the United States, as well as via large Asian trade hubs (e.g. Hong Kong (China) and Singapore) and Middle East economies (e.g. Kuwait, Qatar, Saudi Arabia). Finally, Morocco and Turkey are also indicated as important producers, targeting the European Union and southeast Europe in particular.

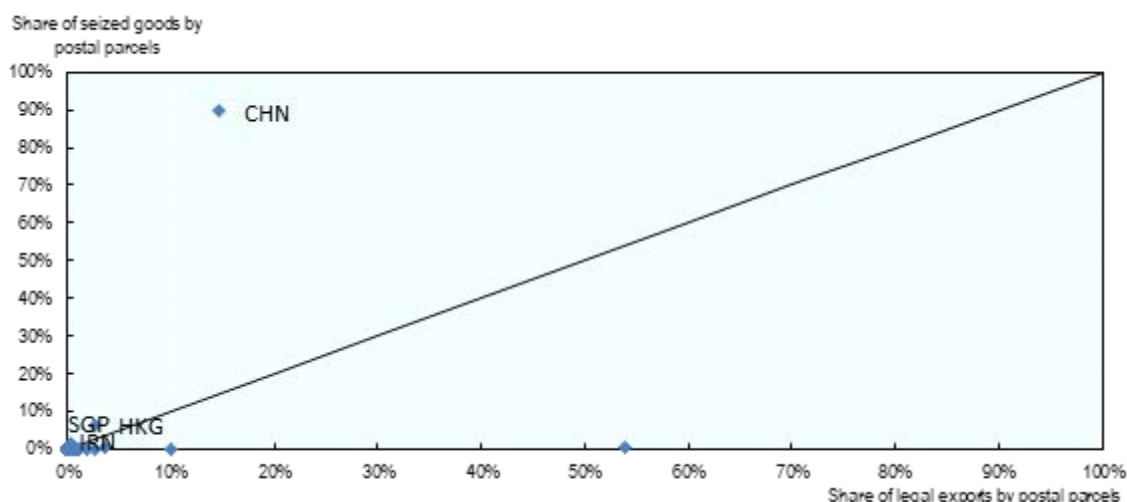
Figure 3.24. Provenance economies of postal parcels containing counterfeit footwear, 2011-13

Lastly, Figure 3.25 compares the legal flows of articles of footwear imported from a given economy by small parcels, with a share of seizures of fake footwear shipped by parcels from that economy.

In this figure, the horizontal axis shows for each economy the share of legal exports of footwear shipped by parcels (postal and express)¹³ and the vertical axis shows the share of seizures of fake footwear originating from that economy by parcels (postal and express). The diagonal line is 45 degrees and follows points where values of axes x and y are the same. It means that all the points above the 45-degree line depict economies where the share of seizures is above the share of legitimate flows by parcels.

For trade in counterfeit articles of footwear, the People's Republic of China, Hong-Kong (China) and Singapore are the economies with the highest relative propensities to export fake goods in these product categories using small, express and parcel services.

Figure 3.25. Counterfeit footwear: Share of legal exports in small parcels and share of seizures in small parcels, 2011-13



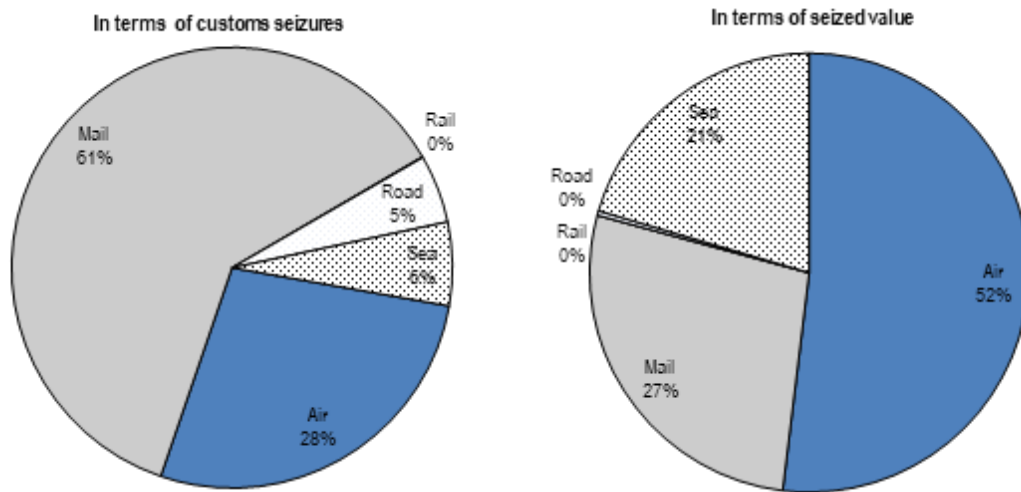
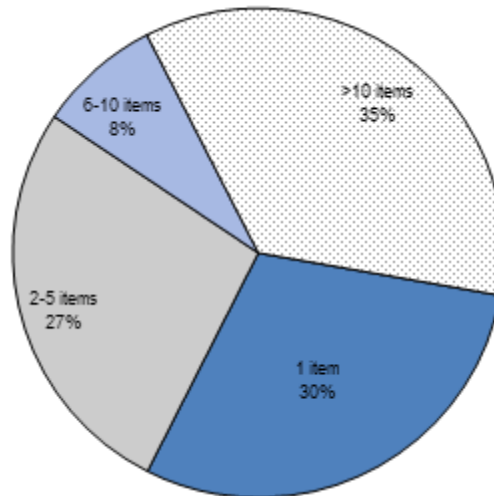
Jewellery

The jewellery industry refers to products in the HS 71 product category. This category includes notably jewellery of precious metal, gold, silver or base metal, as well as imitation jewellery, pearls, diamonds and other precious stones.

According to calculations for the OECD-EUIPO (2016) study, global trade in counterfeit jewellery articles was USD 40.9 billion (EUR 30 billion) in 2013. This represented more than 4.8% of the total trade in jewellery and made the industry the 2nd most affected by global counterfeiting and piracy in terms of value.

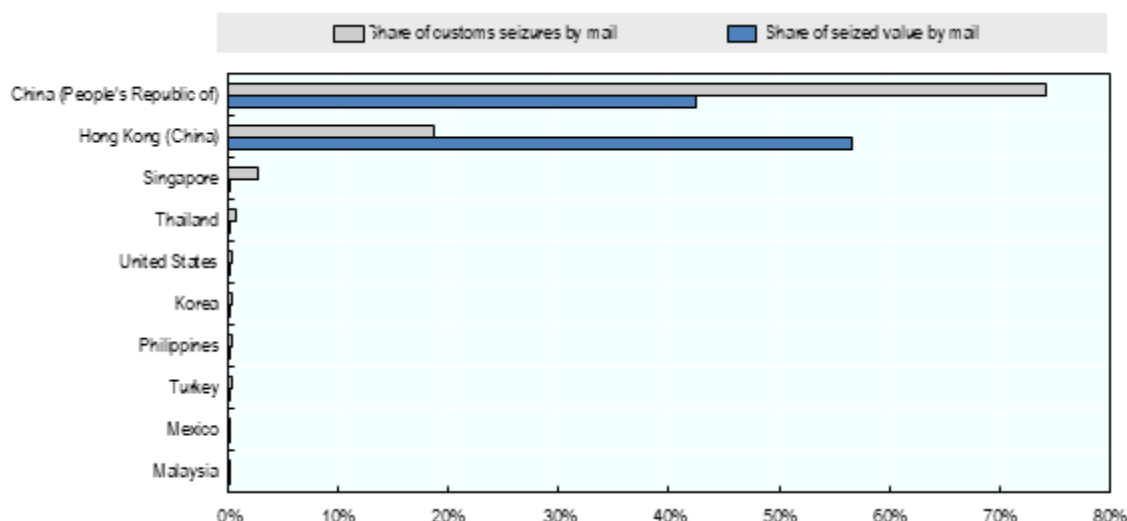
Over the period 2011-13, the largest share of seizures of counterfeit jewellery was shipped by mail (61%), followed by air (28%) (Figure 3.26). Sea (6%) and road (5%) made up smaller shares. However, the analysis of the value of customs seizures reflects that the value of shipments made by air is larger than the value of shipments of fake jewellery made by mail (Figure 3.26, right panel).

This is confirmed in Figure 3.27, which indicates that 38% of shipments of counterfeit jewellery made by mail and seized by customs authorities worldwide between 2011 and 2013 included only 1 item and 35% between 2 and 10 items. Information provided in Figure 3.26 and Figure 3.27 combined confirms that in terms of *value* of seized goods sea transport is by far the most significant mode of transport, even if there are more individual seizures of small parcels.

Figure 3.26. Shipment methods for seized counterfeit jewellery, 2011-13**Figure 3.27. Size of seized shipments of counterfeit jewellery by mail, 2011-13**

The OECD-EUIPO study (2017) identifies the People's Republic of China as the main producer of counterfeit jewellery, followed by a group of Far East Asia economies, including Indonesia, Malaysia, Thailand and Viet Nam. Counterfeiters located in these five economies export the counterfeit jewellery directly to Europe, the United States, large Asian trade hubs (e.g. Hong Kong (China), Macau (China) and Singapore) and Middle East economies (e.g. Kuwait, Qatar and Saudi Arabia). Armenia is also indicated as a producing economy of counterfeit jewellery, though counterfeiters in Armenia appear to export the fakes exclusively to the European Union and northeast Europe (e.g. Russia).

Figure 3.28. Provenance economies of postal parcels containing counterfeit jewellery, 2011-13

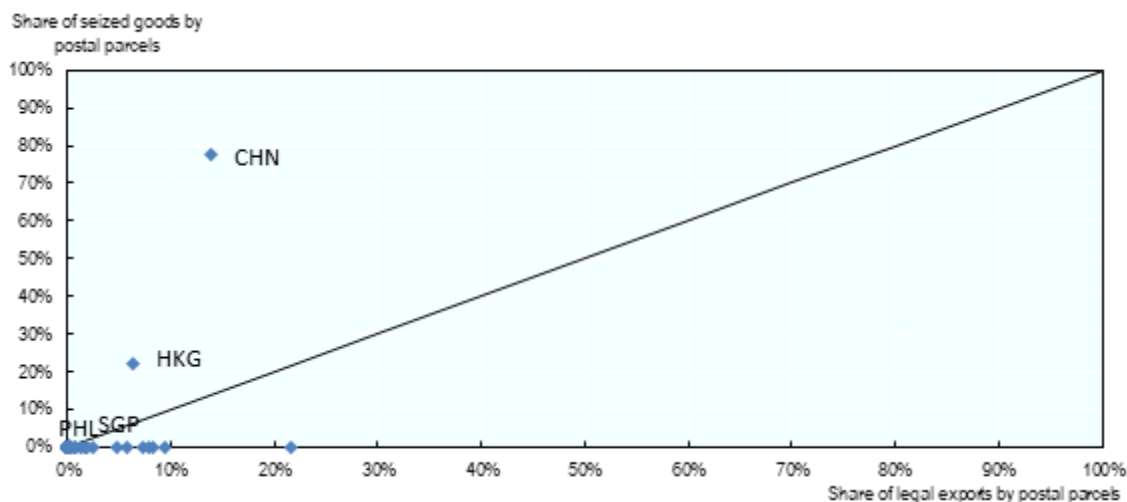


Lastly, Figure 3.29 compares the legal flows of articles of jewellery imported from a given economy by small parcels, with a share of seizures of fake jewellery shipped by parcels from that economy.

In this figure, the horizontal axis shows for each economy the share of legal exports of jewellery shipped by parcels (postal and express)¹⁴ and the vertical axis shows the share of seizures of fake jewellery originating from that economy by parcels (postal and express). The diagonal line is 45 degrees and follows points where values of axes x and y are the same. It means that all the points above the 45-degree line depict economies where the share of seizures is above the share of legitimate flows by parcels.

For trade in fake articles of jewellery, the People's Republic of China, Hong Kong (China), the Philippines and Singapore are the economies with the highest relative propensities to export fake goods in these product categories in small, express and parcel services.

Figure 3.29. Counterfeit jewellery: Share of legal exports in small parcels and share of seizures in small parcels, 2011-13



Electronic and electrical equipment

Electronic and electrical equipment industry refers to products in the HS 85 product category. Over the period 2011-13, customs authorities worldwide notably recorded seizures of counterfeit memory cards and sticks, earphones, headphones and headsets, mobile phones, batteries, chargers, microphones, speakers, and even electronic integrated circuits.

According to calculations for the OECD-EUIPO (2016) study, global trade in counterfeit electronic devices and electrical equipment was valued at USD 121 billion (EUR 88.6 billion) in 2013. This represents more than 5.3% of the total trade in those products, making this industry the most affected by global counterfeiting and piracy in terms of value.

Over the period 2011-13, the largest share of seizures of counterfeit electronics and electrical equipment was sent by mail, representing 66% of all global customs seizures of these products reported in the database (Figure 3.30, left panel). Shipments by air (25%) and sea (6%) were less significant. However, the analysis of the value of customs seizures reflects that the size of shipments made by sea or air was larger than the size of shipments of fake electronics and electrical equipment made by mail (Figure 3.30, right panel).

This is confirmed in Figure 3.31, which indicates that 44% of shipments of counterfeit electronics and electrical equipment made by mail and seized by customs authorities worldwide between 2011 and 2013 included only 1 item and 19% between 2 and 10 items. Information provided in Figure 3.30 and Figure 3.31 combined confirms that in terms of *value* of seized goods sea transport is by far the most significant mode of transport, even if there are more individual seizures of small parcels.

Figure 3.30. Shipment methods for seized counterfeit electronics and electrical equipment, 2011-13

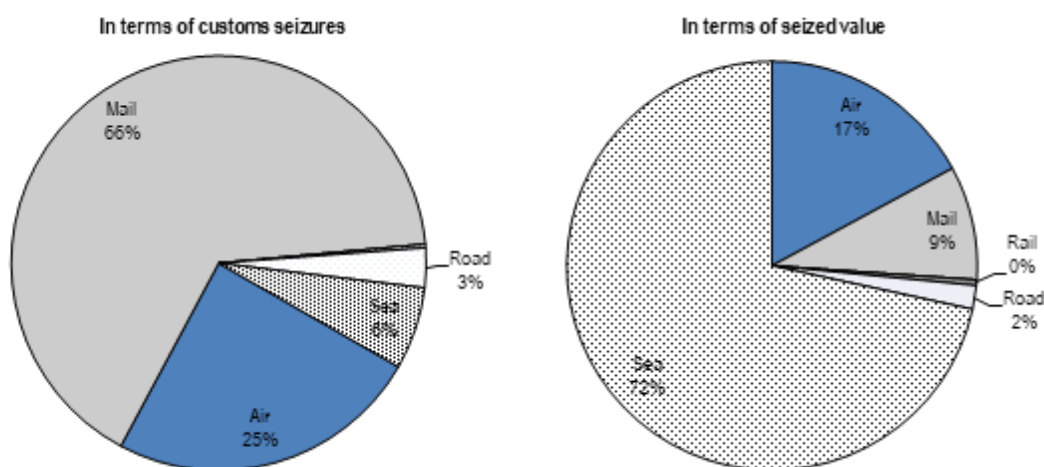
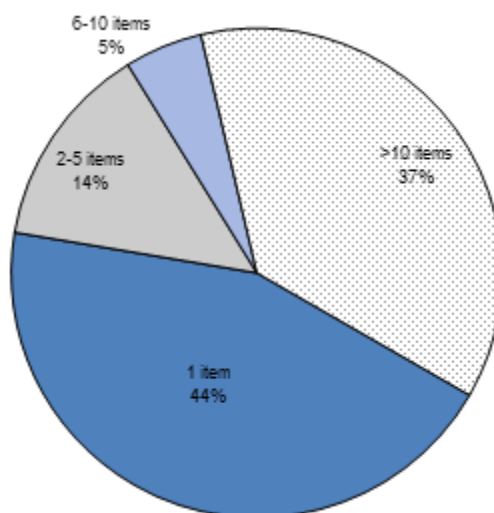


Figure 3.31. Size of seized shipments for IP-infringing electronics and electrical equipment by mail, 2011-13

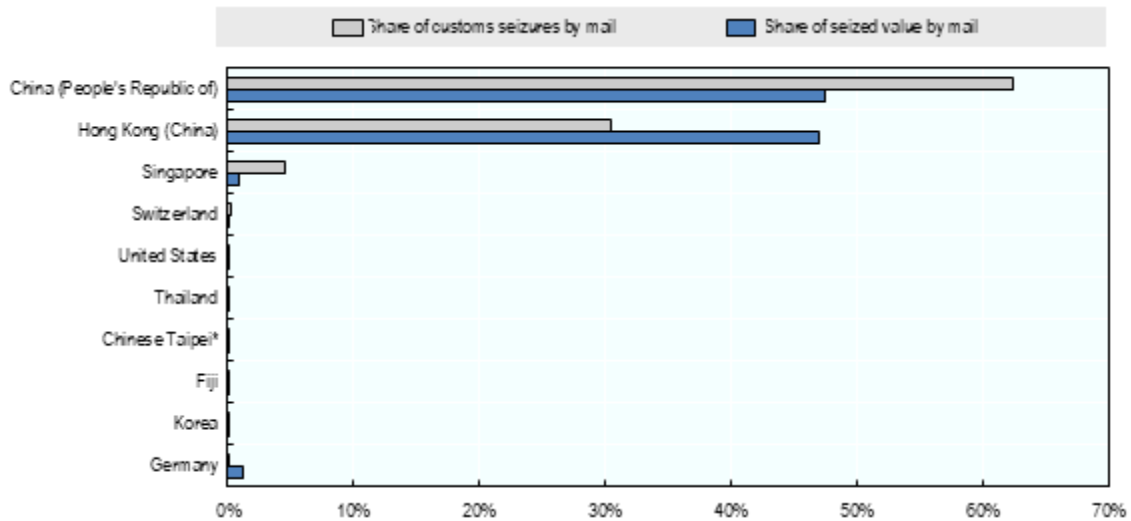


The People's Republic of China is the main producer of counterfeit electronics and electrical equipment, followed by Singapore and other producers located in Asia, including Thailand and Korea.

Hong Kong (China), Singapore and United Arab Emirates also appear as the largest transit points for counterfeit electronics and electrical equipment produced in Asia and re-exported throughout the globe. Egypt and Turkey are also indicated as key transit points for counterfeit electronic and electrical products transiting to Middle Eastern economies and the European Union. On the African continent, Cameroon, Guinea and Nigeria are transit points for fake electronics and electrical equipment produced in the People's Republic of China for re-export to other Western African economies and the EU. Finally, on the American continent, Belize, Guatemala and Panama are key transit points for counterfeit

electronic and electrical goods produced in the People's Republic of China and Singapore targeting the United States. Note that some of these goods were already in transit in Hong Kong (China).

Figure 3.32. Provenance economies of postal parcels containing counterfeit electronics and electrical equipment, 2011-13

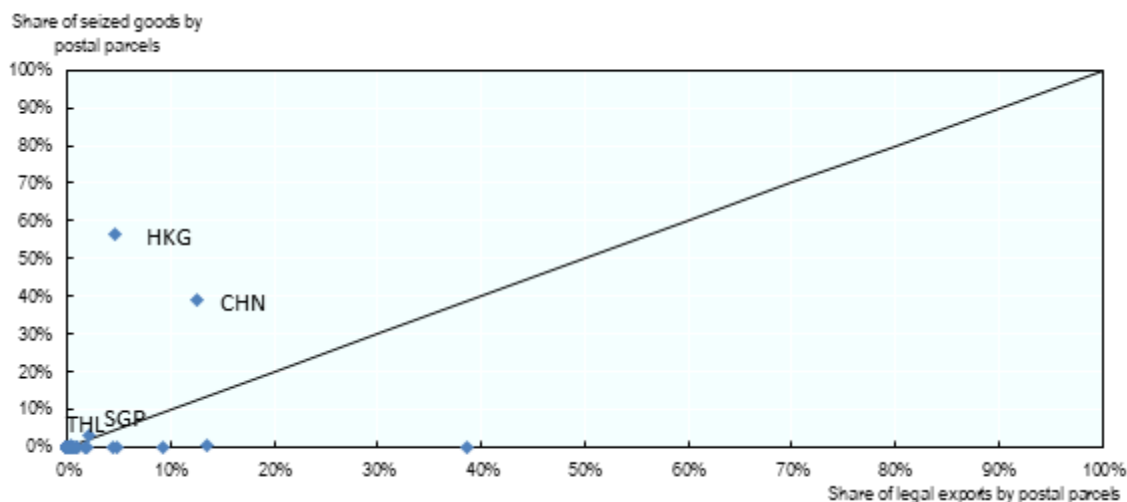


Lastly, Figure 3.33 compares the legal flows of articles of electronics and electrical equipment imported from a given economy by small parcels, with a share of seizures of fake electronics and electrical equipment shipped by parcels from that economy.

In this figure, the horizontal axis shows for each economy the share of legal exports of electronics and electrical equipment shipped by parcels (postal and express)¹⁵ and the vertical axis shows the share of seizures of fake electronics and electrical equipment originating from that economy by parcels (postal and express). The diagonal line is 45 degrees and follows points where values of axes x and y are the same. It means that all the points above the 45-degree line depict economies where the share of seizures is above the share of legitimate flows by parcels.

For trade in fake articles of electronics and electrical equipment, the People's Republic of China, Hong Kong (China) and Singapore are the economies with the highest relative propensities to export fake goods in these product categories in small, express and parcel services.

Figure 3.33. Counterfeit electronic and electrical equipment: Share of legal exports in small parcels and share of seizures in small parcels, 2011-13



Optical, photographic and medical equipment

The optical, photographic and medical equipment industry refers to products in the HS 90 product category. Over the period 2011-13, customs authorities worldwide notably recorded seizures of counterfeit sunglasses, contact lenses, bulbs and tubes, lasers, telescopes, microscopes, veterinary instruments and apparatus, and medical supplies.

According to calculations for the OECD-EUIPO (2016) study, global trade in counterfeit electronic devices and electrical equipment was worth USD 29.2 billion (EUR 21.4 billion) in 2013. This represented more than 5.2% of all trade in these products and made this industry the 4th most affected by global counterfeiting and piracy in terms of value.

Over the period 2011-13, the largest share of counterfeit sunglasses' seizures, photographic apparatus and medical equipment was sent by mail, with 77% of all global customs seizures of these products reported in the database (Figure 3.34, left panel). However, the analysis of the value of customs seizures reflects that the value of shipments made by sea and road was larger than the value of shipments of sunglasses, photographic apparatus and medical equipment made by mail (Figure 3.34, right panel).

This is confirmed in Figure 3.35, which indicates that 42% of shipments of fake sunglasses and photographic apparatus made by mail and seized by customs authorities worldwide between 2011 and 2013 included only 1 item and 39% between 2 and 10 items. Information provided in Figure 3.34 and Figure 3.35 combined confirms that in terms of *value* of seized goods sea transport is by far the most significant mode of transport, even if there are more individual seizures of small parcels.

Figure 3.34. Shipment methods for seized counterfeit optical, photographic and medical equipment, 2011-13

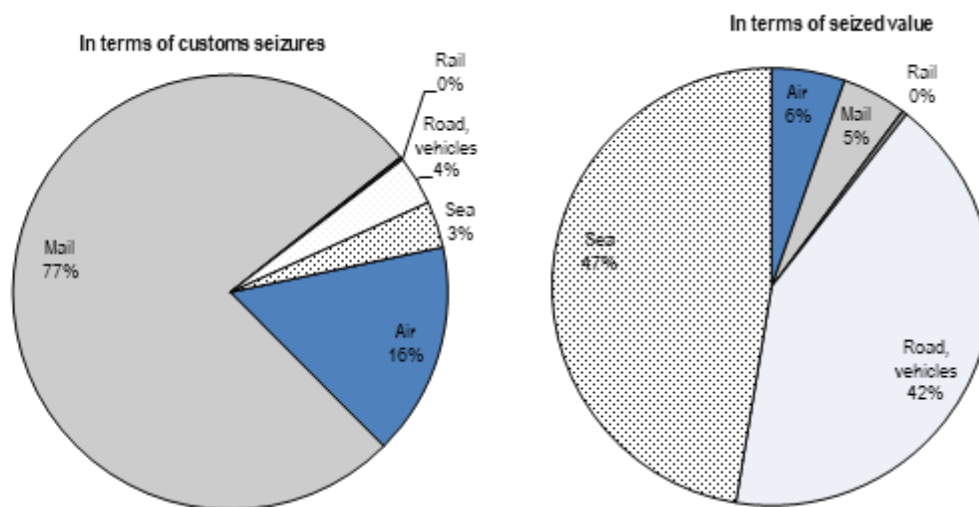
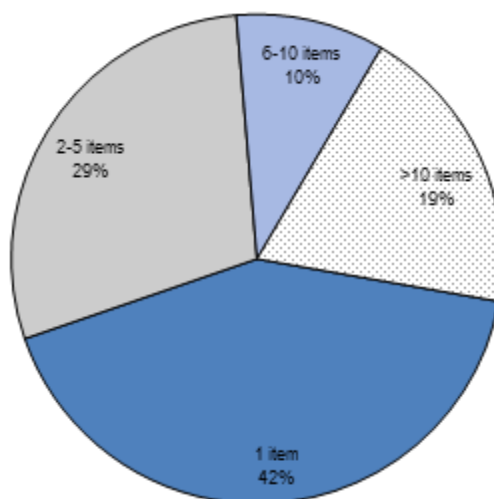
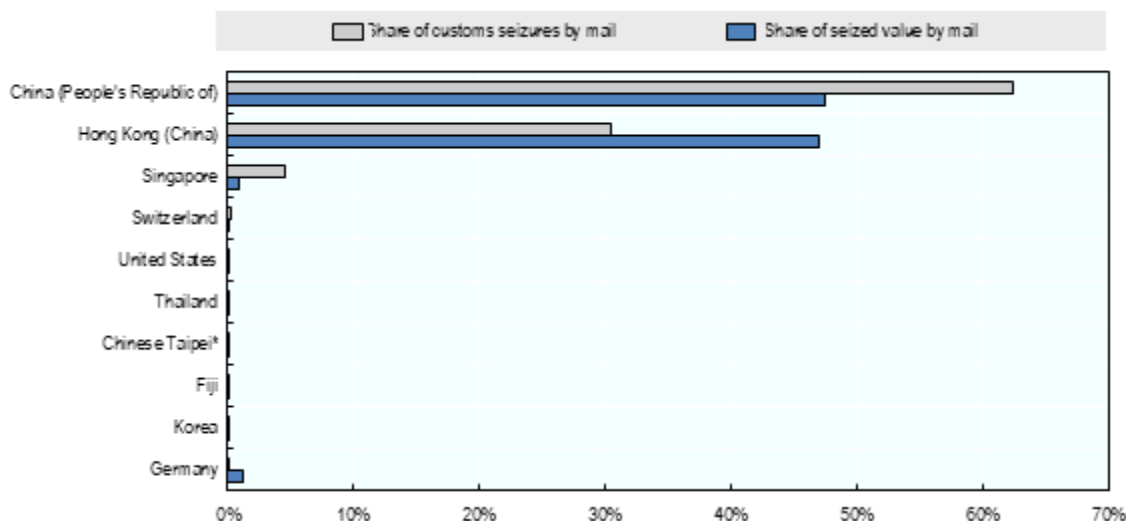


Figure 3.35. Size of seized shipments for IP-infringing optical, photographic and medical equipment by mail, 2011-13



The OECD-EUIPO (2017) study identifies China as the main producer of counterfeit optical, photographic and medical equipment. The group of developing East Asia economies – Bangladesh, Cambodia, Malaysia, Pakistan, Thailand and Viet Nam – also appear as important producers. Counterfeiters in the People's Republic of China and these six developing economies exported counterfeit sunglasses, photographic apparatus and medical equipment directly to Europe, the United States, and the Middle East (e.g. Kuwait, Qatar, Saudi Arabia). Some of them may also use Hong Kong (China) or Singapore as transit points. Finally, Turkey is also indicated as a producing economy of counterfeit sunglasses, optical and photographic equipment, mainly targeted at the European Union and Saudi Arabian markets.

Figure 3.36. Provenance economies of postal parcels containing counterfeit optical, photographic and medical equipment, 2011-13

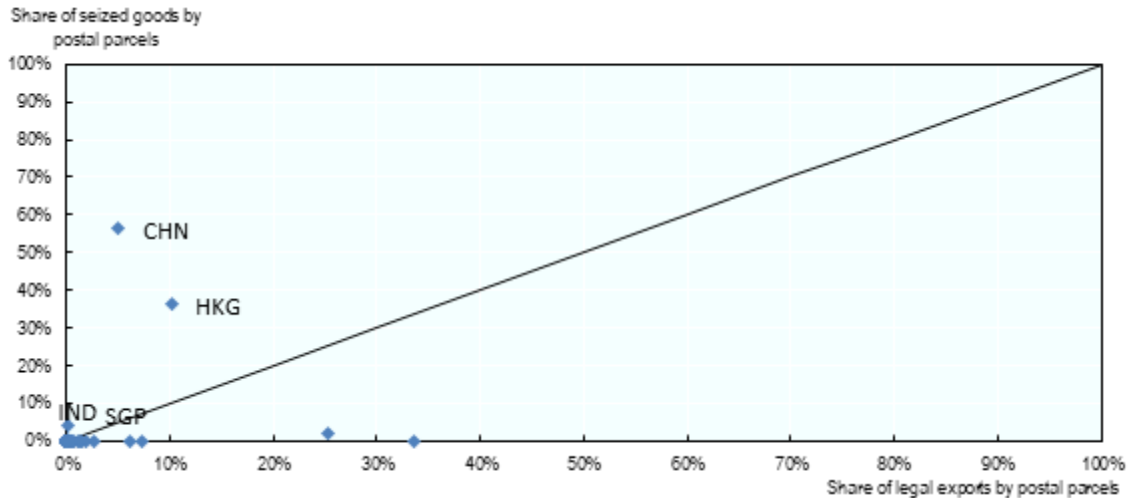


Lastly, Figure 3.37 compares the legal flows of articles of optical, photographic and medical equipment imported from a given economy by small parcels, with a share of seizures of fake optical, photographic and medical equipment shipped by parcels from that economy.

In this figure, the horizontal axis shows for each economy the share of legal exports of optical, photographic and medical equipment shipped by parcels (postal and express)¹⁶ and the vertical axis shows the share of seizures of fake optical, photographic and medical equipment originating from that economy by parcels (postal and express). The diagonal line is 45 degrees and follows points where values of axes x and y are the same. It means that all the points above the 45-degree line depict economies where the share of seizures is above the share of legitimate flows by parcels.

For trade in fake articles of optical, photographic and medical equipment, the People's Republic of China, Hong Kong (China) and India are the economies with the highest relative propensities to export fake goods in these product categories in small, express and parcel services.

Figure 3.37. Counterfeit optical, photographic and medical equipment: Share of legal exports in small parcels and share of seizures in small parcels, 2011-13



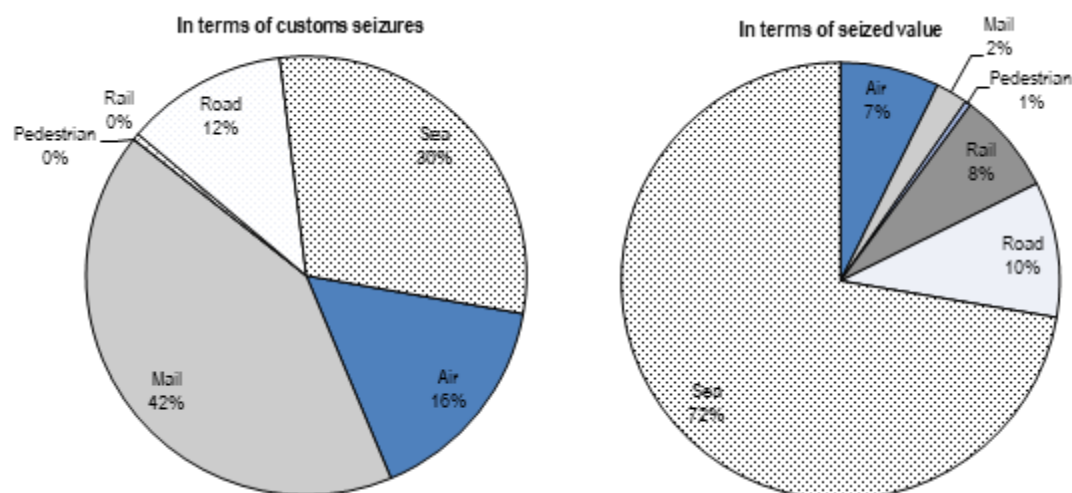
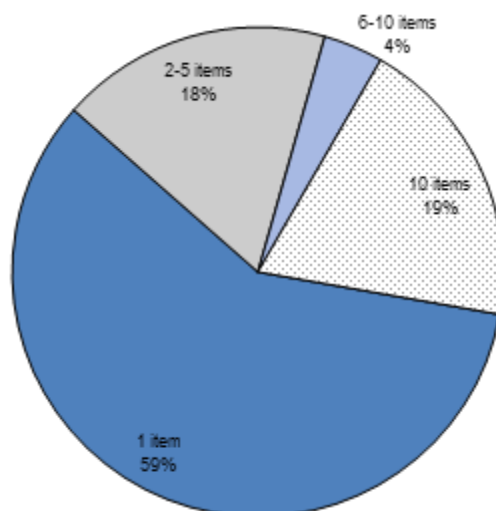
Toys and games

The toys, games and sports equipment industry refers to products in the HS 95 product category. Over the period 2011-13, customs authorities worldwide mainly seized counterfeit video game consoles and controllers, balls and balloons, bicycles, boxing gloves, car models, cards, exercise equipment, figures, plastic toys sticks, skateboards, robots and dolls.

According to calculations for the OECD-EUIPO (2016) study, global trade in counterfeit toys, games and sports equipment was worth USD 9.72 billion (EUR 7.12 billion) in 2013. This represented more than 11% of all trade in those products, making this industry the 2nd most affected by global counterfeiting and piracy in relative terms (i.e. as a percentage of trade within the product category).

Over the period 2011-13, the largest share of seizures of counterfeit toys, games and sports equipment was sent by mail, accounting for 42% of all global customs seizures of these products reported in the database (Figure 3.38, left panel). However, the analysis of the value of customs seizures reflects that the value of shipments made by sea, road or air was larger than the value of shipments of fake toys and games made by mail (Figure 3.38, right panel).

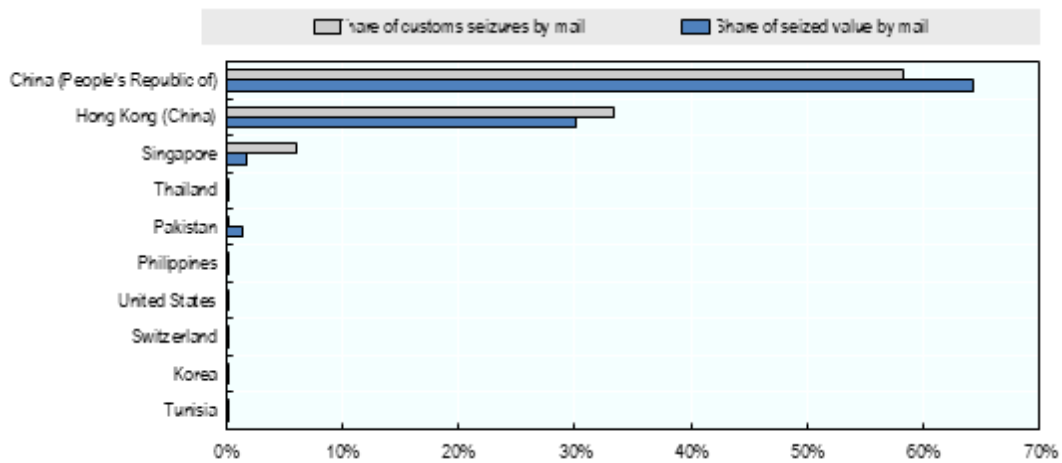
This is confirmed in Figure 3.39, which indicates that 59% of shipments of fake toys and games made by mail and seized by customs authorities worldwide between 2011 and 2013 included only 1 item and 22% between 2 and 10 items. Information provided in Figure 3.38 and Figure 3.39 combined confirms that in terms of *value* of seized goods sea transport is by far the most significant mode of transport, even if there are more individual seizures of small parcels.

Figure 3.38. Shipment methods for seized counterfeit toys and games, 2011-13**Figure 3.39. Size of seized shipments of IP-infringing toys and games by mail, 2011-13**

The OECD-EUIPO study (2017) identifies the People's Republic of China as the main producing economy of fake toys, games and sports equipment, producing and exporting these fakes throughout the world, using a significant number of transit points. India and Pakistan are also identified as key producing economies, followed by Morocco and Turkey mainly targeted at Europe.

Hong Kong (China), Macau (China) and Singapore are indicated as the main transit points for counterfeit toys, games and sports equipment worldwide. Bahrain, Kuwait and Saudi Arabia are also key transit points in the global trade of counterfeit toys, games and sports equipment. They receive the fakes directly from the People's Republic of China, India and Pakistan, and indirectly from Hong Kong (China), and re-export them to the European Union, the United States and North and Central Africa.

Figure 3.40. Provenance economies of postal parcels containing counterfeit toys and games, 2011-13

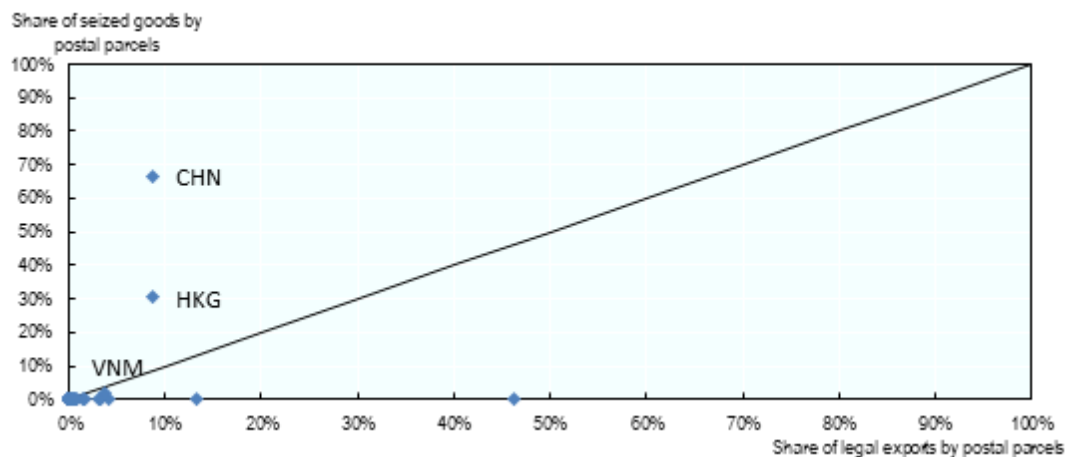


Lastly, Figure 3.41 compares the legal flows of articles of toys and games imported from a given economy by small parcels, with a share of seizures of fake toys and games shipped by parcels from that economy.

In this figure, the horizontal axis shows for each economy the share of legal exports of toys and games shipped by parcels (postal and express)¹⁷ and the vertical axis shows the share of seizures of fake toys and games originating from that economy by parcels (postal and express). The diagonal line is 45 degrees and follows points where values of axes x and y are the same. It means that all the points above the 45-degree line depict economies where the share of seizures is above the share of legitimate flows by parcels.

For trade in fake articles of toys and games, the People's Republic of China, Hong Kong (China) and Viet Nam are the economies with the highest relative propensities to export fake goods in these product categories in small, express and parcel services.

Figure 3.41. Counterfeit toys and games: Share of legal exports in small parcels and share of seizures in small parcels, 2011-13



Notes

¹ Note that EUIPO works now with the European Union enforcement authorities to establish best practices in data collection across the EU. The Anti-Counterfeiting Intelligence Support Tool (ACIST) converts the collected data into harmonised format so that it can be compared and aggregated.

² There are two principles for reporting the value of counterfeit and pirated goods: 1) declared value (value indicated on customs declarations), which corresponds to values reported in the general trade statistics; and 2) replacement value (price of original goods). The structured interviews with customs officials and the descriptive analysis of values of selected products conducted in OECD-EUIPO (2016) revealed that the declared values are reported in most cases.

³ See <https://ec.europa.eu/eurostat/web/international-trade-in-goods/data/focus-on-comext>.

⁴ The term ‘postal consignments’ relates only to parcel post conveyed by postal authorities or ‘postal operators authorised by a Member State to provide services governed by the Universal Postal Union Convention’. See more at : Eurostat, 2017.

⁵ The combined trade of fakes in these sectors account for USD 284 billion in 2013 (EUR 208 billion in 2013), more than half of total estimated trade in fake goods.

⁶ Characterisations of trends need to be treated with caution, however, as there is considerable variability from year to year; this could be due to a number of factors, including shifts in customs priorities and detection techniques.

⁷ See www.wcoomd.org/en/media/newsroom/2010/october/mountains-of-pirated-and-counterfeit-cds-and-dvds-seized-in-global-operation.aspx.

⁸ See www.wcoomd.org/en/media/newsroom/2012/february/global-operation-nets-tens-of-thousands-of-counterfeits.aspx.

⁹ Austria, the Czech Republic, France, Germany, Italy, the Netherlands, Poland, Romania, Russia, Spain, Sweden, Turkey, the United Kingdom.

¹⁰ The information on legal trade flows of perfumes and cosmetics by parcels comes from the Eurostat’s Comext database (Eurostat, 2018).

¹¹ The information on legal trade flows of leather articles and handbags by parcels comes from the Eurostat’s Comext database (Eurostat, 2018).

¹² The information on legal trade flows of clothing and textile fabrics by parcels comes from the Eurostat Comext database (Eurostat, 2018).

¹³ The information on legal trade flows of footwear by parcels comes from the Eurostat Comext database (Eurostat, 2018).

¹⁴ The information on legal trade flows of jewellery by parcels comes from the Eurostat Comext database (Eurostat, 2018).

¹⁵ The information on legal trade flows of electronic and electrical equipment by parcels comes from the Eurostat Comext database (Eurostat, 2018).

¹⁶ The information on legal trade flows of optical, photographic and medical equipment by parcels comes from the Eurostat Comext database (Eurostat, 2018).

¹⁷ The information on legal trade flows of toys and games by parcels comes from the Eurostat Comext database (Eurostat, 2018).

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