

## Annex A. Data

The main producer economies of fakes and the key transit points are determined using statistical “filters” (see Annex B). For each of the ten product categories explored in this report, this is done based on three sources of information:

- data on seizures of counterfeit and pirated goods,
- international trade statistics, and
- industrial activity data.

An important data limitation should be highlighted in this context. While the quality of data on customs seizures of infringing products received from member countries of the EU and from the US is very high, the data from South American, African, Middle-East and Asian customs authorities are of insufficient quality. Hence the mapping exercise for the EU and the US as destinations is relatively precise, but a precise charting of trade routes and the modes of transport for the other regions is not possible. For transparency purposes, all data gaps were highlighted throughout the analysis.

In addition, the datasets identify a set of EU member countries as provenances. However, these identifications are based on DG TAXUD data, and refer to goods coming from outside the EU that were seized in a different member state than the entry point to the EU. This is because DG TAXUD data refer only to imports to the EU from third countries, and do not include the internal EU trade. Put differently, the EU members that are labelled as provenance economies refer to the points of entry of fake goods to the EU. These economies are not included in the analysis.

### Data on seizures of counterfeit and pirated goods

The database on customs seizures is the critical quantitative input to this study. It was constructed from three separate datasets received from the WCO, from DG TAXUD of the European Commission, and from the US Department of Homeland Security. The database includes detailed information on seizures of IPR-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 one observation corresponds to one customs’ seizure.

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

Concerning valuation of seized goods, 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.

### **International trade statistics**

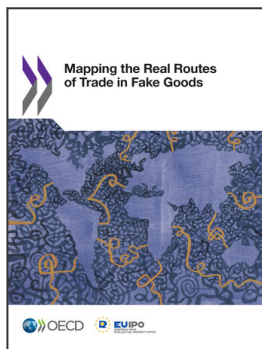
The trade statistics are based on the United Nations (UN) Comtrade database (landed customs value). With 171 reporting economies and 247 partner economies (76 economies in addition to reporting economies), the database covers the largest part of world trade and is considered the most comprehensive trade database available. Products are registered on a six-digit Harmonized System (HS) basis, and can then be aggregated.

This study uses two different types of trade statistics provided by the UN Comtrade database. First, the calculations of the General Trade Related Indices (GTRIC) are based on import data. Second, the identification of potential transit points are based on re-export data. Re-exports are exports of foreign goods in the same state as previously imported, i.e., that have not acquired domestic origin through processing.

In most economies, import statistics are compiled from the records filed with local customs authorities. This is particularly important in the context of this report as data on customs seizures of infringing products originate from the same source – customs offices at the destination. This reinforces the choice for import statistics as the reference point for the calculation of the GTRIC indices, as both imports data and seizure data refer to the same observed incoming trade flows.

### **Industrial activity data**

The identification of potential producer points within each product category is based on data on industrial activity provided by the UNIDO Industrial Statistics Database (INDSTAT4). This study takes advantage of the cross-country comparability of the data on industrial output and value-added included in the INDSTAT4 database to distinguish a producing economy from a potential transit point for each of the product categories studied. The database contains seven principal indicators of industrial statistics (number of establishments, number of employees, wages and salaries, output, value added, gross fixed capital formation, and number of female employees) at the 4-digit level of the International Standard Industrial Classification of All Economic Activities (ISIC). The latter comprises in total more than 150 manufacturing sectors and sub-sectors.



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