

PRESS RELEASE

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## Counterfeit and pirated goods get new boost from pandemic, new report confirms

- **Criminal networks have quickly adapted to new opportunities and demand for products generated by the pandemic**
- **Fake cosmetics, food, pharmaceutical products, pesticides and toys, all pose a serious threat to consumers' health**
- **Counterfeiters now rely heavily on the digital domain to source components and distribute their products (both tangible and non-tangible) to consumers via online platforms, social media and instant messaging services**
- **Most counterfeit goods distributed in the EU are produced outside the EU**

The latest [Intellectual Property Crime Threat Assessment](#), produced jointly by Europol and the European Union Intellectual Property Office (EUIPO), reveals that the distribution of counterfeit goods has been thriving during the COVID-19 pandemic. The health crisis has presented new opportunities for trade in counterfeit and pirated products, and criminals have adjusted their business models to the new global demand.

The report, based on EU-wide data and Europol's operational information, confirms that counterfeiting and piracy continue to pose a serious **threat to the health and safety of consumers**, as well as to the **European economy**. Imports of counterfeit and pirated goods reached EUR 119 billion in 2019, representing 5.8 % of all goods entering the EU, according to the latest data from OECD and EUIPO.

In addition to the categories of counterfeit clothes and luxury products seized, there is a growing trade in fake products which have the potential to damage human health, such as counterfeit medicines, food and beverages, cosmetics and toys.

**Counterfeit pharmaceutical products**, ranging from a variety of medicines to personal protective equipment or face masks, have been increasingly identified in recent years. Distribution has shifted almost entirely from physical to online markets, raising public health concerns. These illicit products for the most part continue to originate from outside the EU, but they may also be produced in illegal laboratories within the EU, which are difficult to detect and can be set up with relatively few resources.

The production of **illicit food products**, and especially **drinks**, has become more professional and sophisticated, with some counterfeiters covering the whole supply and distribution chain. Violations of **protected geographical indications** continue to be widely reported also.

The report also shows some key trends in various product sectors primarily targeted by counterfeiters. **Clothes, accessories and luxury goods** remain among the most popular product categories for counterfeit goods, sold both online and in physical marketplaces. They are one of the top categories of the approximately 66 million counterfeit items seized by authorities in the EU in 2020.

### **How criminal networks operate**

The Threat Assessment highlights the fact that the distribution of counterfeit products mostly relies **on digital platforms**, a trend which has been reinforced by the pandemic and widespread online consumption. Counterfeit goods are offered on online marketplaces, via live-streaming, videos and advertising on social media platforms, and instant messaging services, usually targeting customers with misleading discounts or low-price branded products.

Counterfeiting is a highly **lucrative activity** for the criminal networks involved, which reap large profits whilst running relatively few risks.

IP crime has been included as one of the EU's priorities in the fight against serious and organised crime from 2022 to 2025 as part of the European Multidisciplinary Platform Against Criminal Threats (EMPACT).

The assessment underlines that, although the majority of counterfeits in the EU market are produced outside of Europe, mainly in China and other parts in Asia, domestic **manufacturing within the EU** is an increasing trend. The increasing importation of counterfeit packaging materials and semi-finished products into the EU clearly points to the presence of illegal manufacturing facilities in the EU. Criminal networks based in Europe involved in IP crime carry out the distribution of imported counterfeits and, in some cases, operate modern production facilities that assemble semi-finished products.

The Executive Director of the EUIPO, **Christian Archambeau**, said:

*This new threat assessment casts new light on the scope and trends of counterfeiting and piracy within the EU, and highlights the serious damage that can be caused to consumers' health as well as the impact on legitimate businesses, particularly during these challenging times of COVID-19 recovery. Criminals have shown their ability to adapt to the new opportunities generated by the pandemic, and we must continue to support, through our close collaboration with Europol, the efforts of law enforcement authorities in the fight against IP crime.*

Europol's Executive Director, **Catherine De Bolle**, said:

*The COVID-19 pandemic has presented new business opportunities for criminals to distribute counterfeit and substandard goods. At best, these products will not perform as well as authentic ones. At worst, they can fail catastrophically. Law enforcement seizures indicate that the production of these goods is increasingly taking place within the EU, while the COVID-19 pandemic has further entrenched the criminals' reliance on the digital domain to source and distribute their illegal goods. This report shines a light on the extent of this criminal phenomenon and calls for concerted, cross-border action in response as we enter the post-COVID economic recovery. The unscrupulous counterfeiters should be the only ones paying a steep price.*

## **Other fake goods in the market**

**Mobile phones, their accessories and components** are also among the top categories of fake goods seized, and are sold in great numbers during sales events such as Black Friday and Cyber Monday. Counterfeiters have recently been exploiting the global supply shortage in semiconductor chips.

In the case of **perfumes and cosmetics**, the illicit production relates to everyday goods, such as shampoo, toothpaste, or detergents.

The trade in **illicit pesticides** remains a low-risk, high-profit activity, sustained by a high demand and low sanctions for the offenders.

The COVID-19 pandemic has also led to an increased offer of **illicit digital content**, which is often linked to other cybercriminal activities. Piracy is now mostly a digital crime, and websites illegally distributing audio-visual content are hosted on servers across Europe, Asia and the Middle East.

## **NOTE TO EDITORS**

The [Intellectual Property Crime Threat Assessment – 2021 Update](#) has been drawn up in partnership between Europol and the EUIPO and is intended to update policymakers, law enforcement authorities, businesses and the public in general about the latest trends of IP crime within the EU, particularly, in the context of the COVID-19 pandemic. It provides information on the threat posed by counterfeiting and piracy in several product sectors, as well as the modus operandi of criminal networks, the enabling factors, the geographical and financial dimensions of IP rights infringement and the emerging threats. The report builds on the findings of a previously developed [Threat Assessment](#), published in 2019.

## **ABOUT EUROPOL**

Headquartered in The Hague, the Netherlands, [Europol](#) supports the 27 EU Member States in their fight against terrorism, cybercrime and other serious and organised forms of crime. We also work with many non-EU partner countries and international organisations. From its



various threat assessments to its intelligence-gathering and operational activities, Europol has the tools and resources it needs to do its part in making Europe safer.

## **ABOUT THE EUIPO**

The [EUIPO](#) is a decentralised agency of the EU, based in Alicante, Spain. It manages the registration of the European Union trade mark (EUTM) and the registered Community design (RCD), both of which provide intellectual property protection in all EU Member States. The EUIPO also carries out cooperation activities with national and regional intellectual property offices of the EU, as well as research and activities to combat IP rights infringement through the [European Observatory on Infringements of Intellectual Property Rights](#). The EUIPO was ranked as the most innovative IP office in the world in the *World Trademark Review's* [IP Office Innovation Ranking 2021](#).

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