

OECD FORUM 2005

FUELLING THE FUTURE: Security, Stability, Development

Combating Counterfeiting

Paul Vandoren, Director ad interim, Directorate General for Trade, European Commission

- IP violations deprive right-holders of the revenue of their investment and ultimately put at risk the viability of our most innovative and creative companies. High levels of IPR violations also discourage foreign investment and transfer of technology and are a clear sign of bad governance.
- The Community, being a market that traditionally invests in creativity, research, design and quality and receives considerable added-value for this effort, has a lot to lose from poor enforcement of IP, even when it takes place in third countries.
- Pirated and counterfeit goods can have a serious impact on health and consumer protection. Fake products are usually made by anonymous entities, that will not respect health, safety and quality requirements, not to mention, basic consumer rights. The ever increasing seizures at our borders of products like false medications, food (and even bottled water), car and plane parts, electrical appliances and toys are illustrative of the risks at stake.
- Another growing concern in recent years is the increased involvement of criminal organisations in major international trafficking of fake goods. This is not surprising, considering the particularly lucrative nature and the low risk involved when compared with other criminal activities. The scale of the problem and values at stake make fighting against piracy and counterfeiting as complex to tackle as drug trafficking or money laundering.
- This is why the European Commission issued in November 2004 the IPR Enforcement Strategy. The information collected from companies, associations of right-holders and our Delegations in many countries, as well as the concerns increasingly expressed in meetings, letters, seminars and the media left us no doubts about the urgency to act now to reverse the global growth of IPR violations.
- This Strategy should contribute to improve the situation in third countries. It is a logical sequence of recent initiatives like the Enforcement Directive, that will harmonize enforcement legislation within the European Union, and the revision of the Customs Regulation, that provides action against counterfeit or pirated goods at the Community's border.
- The purposes of the Strategy are to:

- Provide a long-term line of action for the Commission with the goal of achieving a significant reduction of the level of IPR violations in third countries;
 - Set the adequate mechanisms for the Commission to achieve its goal. The starting point is the identification of priority countries, on which efforts must be focused. Then, the Strategy describes the implementation of specific measures in fields like technical assistance, dispute settlement and other sanction mechanisms, political dialogue, partnerships, with private entities as well as with international organisations and countries sharing our concerns.
 - Finally, the Strategy also seeks to inform right-holders and other entities concerned of the means and actions already available and to be implemented, and raise their awareness for the importance of their participation.
- This Strategy **does not** intend to:
 - Impose unilateral solutions to the problem - It is clear that, ultimately, any proposed solutions will only be effective if they are prioritised and considered to be important by the recipient country. The Commission is ready to assist in the creation of such conditions.
 - Propose a one-size-fits-all approach to promoting IPR enforcement - It will be necessary to have a flexible approach that takes into account different needs, level of development, membership or not of the WTO, and the specific problems of the countries in question.
 - Copy other models of IPR enforcement or create alliances against certain countries. We intend to improve co-operation and to create synergies with countries sharing our concerns and facing similar problems. It is, however, important that this strategy remains primarily focused on positive and constructive efforts.
 - To conclude, I would like to refer briefly to one example of this kind of joint initiative, which is the recently approved OECD Project on the "Economic Impact of Counterfeiting". I am happy that, after a long and difficult discussion, Members agreed on the need to have a truly global and comprehensive assessment of the damage caused by such practices to the industries of creativity, quality and innovation, but also to consumers and citizens in general. We should not underestimate the difficulties of making a credible evaluation, but if there is one institution capable of this exercise it is certainly the OECD.

