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Canada

CANADIAN
MANUFACTURERS
AND EXPORTERS
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MANUFACTURIERS
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DU CANADA
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Counterfeiting Economic Impacts

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Global Scale

- 5% to 7% of world trade (\$450 billion in 1998)
 - International Chamber of Commerce
- Larger than the GDP of all but 11 countries.
- Approximately the value of the Australian economy.
- IP theft accounts for 36% of global counterfeiting (over US\$150 billion annually)



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Economic Impacts around the World

- 10% of world pharmaceutical sales (60% in developing countries) – WHO
- 3% of global cigarette trade (150 billion/year)
- 100 million jobs displaced in Europe – OECD
- US\$3 billion in EU market for consumer products
- US\$8 billion in EU market for clothing and footwear
- 20% of all clothes and footwear in Italy
- US\$4 billion in EU market for software
- 10% of all car parts sold in the EU



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In North America ...

- US\$200-\$250 billion annually in the United States
- 6,500 customs seizures netted \$94 million at U.S. ports of entry in 2003 (30,403 seizures 1998-2002)
- No overall economic impact analysis & few industry studies in Canada.
- Estimated direct losses in Canada between \$20 billion to \$30 billion annually.
- RCMP seizures netted in \$10 million in 2003.
- Software theft in Canada estimated to cost US\$1.5 billion in lost retail sales, \$1.4 billion in lost wages, and \$350 million in lost tax revenues per year (CAAST)



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Counterfeit Trade is Rapidly Increasing

- EU customs seized 85 million articles in 2002 and 100 million in 2003.
- The value of counterfeit goods seized in the EU increased 900% between 1998 and 2001, doubling again in 2002 and 2003.
- Global counterfeit trade has increased by an estimated 1,000% over the past decade.
- Legitimate trade has risen by 75% over that same period.
- The number of customs seizures rose by 12% in the US and 20% in the EU in 2003.



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Origin of Counterfeit Goods

- 66% of seizures in U.S. and EU originated from China.
- Other major sources include:
 - Hong Kong
 - Malaysia
 - Korea
 - Canada
 - Pakistan
 - Switzerland
 - Mexico
 - Thailand
- Canada is a major transshipment centre.



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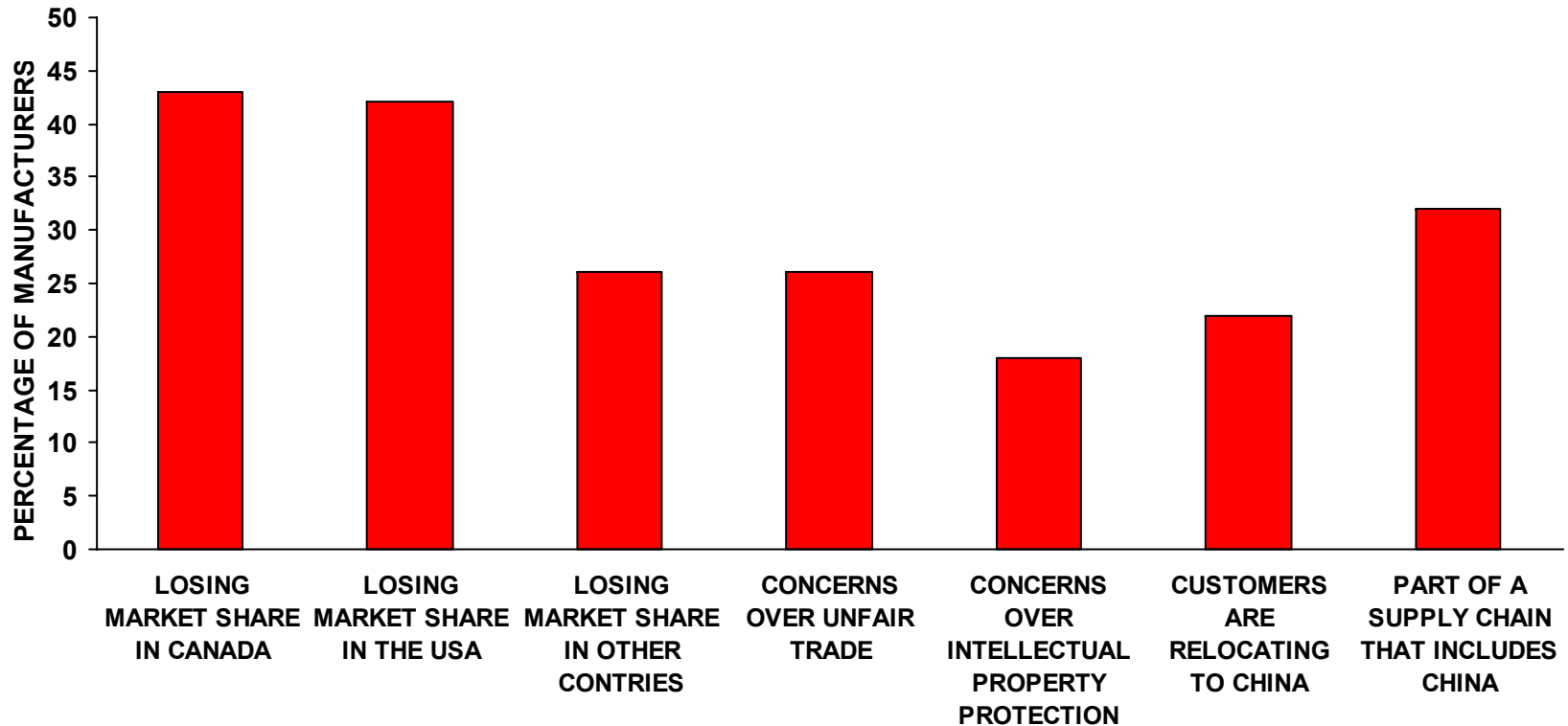
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The China Factor





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Counterfeit Goods on the Canadian Market

- Batteries
- Cell phones
- Software
- CDs & DVDs
- Electrical products
(power tools, power bars,
decorative lights,
extension cords)
- Electronic components
- Printer cartridges
- Food products
- Toys
- Clothing & footwear
- Luxury goods
- Cigarettes
- Liquor
- Pharmaceuticals
- Automotive & aircraft
parts
- Industrial castings
- Shampoo & consumer
products



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Direct Economic Impacts

- Lost royalty and sales revenue to copyright and patent holders, licensed retailers.
- Lost employment.
- Lost investments in innovation and product development.
- Bankruptcies for smaller companies.
- Lost tax revenues.
- Higher costs for consumers.



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Indirect Economic Impacts

- Loss of reputation, trust, quality assurance.
- Danger to health, safety, and environment.
- Potential trade problems with the United States
 - Canada on USTR watch list.
 - US customs targeting specific imports

