

Business Action to Stop Counterfeiting and Piracy

Actions to date have simply not been sufficient to stop or even slow the rampant piracy and counterfeiting of intellectual property.

The objectives of the ICC initiative are to mobilize enforcement efforts and ensure that resources – adequate to deal with the magnitude of the problem – are dedicated to enforcement activities at local, national and international levels. By joining forces with companies and organizations commonly engaged in the fight against counterfeiting and piracy, ICC will leverage these individual efforts to make a complete and compelling case for priority action by governments and enforcement officials who have thus far been unmotivated, unwilling or simply unable able to act.

ICC national committees form the network that makes ICC the world's largest, most representative business organization. Operating at the doorstep of local and national legislatures, they provide the machinery to propel the initiative from the bottom up. Empowered with information and tools to communicate the scope and harm of the problem – and the possible solutions – local ICC operatives provide powerful on-the-ground resources for reaching and influencing national and local policymakers.

From the top down, this CEO-led effort will employ ICC's highest-level consultative status with key international organizations, such as the World Intellectual Property Organization and the World Trade Organization, and with other key agencies including the World Customs Organization and international police agencies (Interpol). ICC has already succeeded in elevating the attention of G8 leaders to enforcement concerns and will continue to press for urgent attention from the G8 governments. Furthermore, we will bring the issue to the people through a global media and information campaign.

This is an opportunity to take a vital and prominent role in shaping the international business message and affecting global policymaking in the fight against counterfeiting and piracy of intellectual property.

With more than 8,000 member companies in over 140 countries, ICC is the largest, most representative private sector association in the world. The United States Council for International Business (USCIB) is its American national committee.

Contacts:

David Benjamin (Universal Music), ICC Task Force Chair
david.benjamin@umusic.com; +1-212-333.1433

Jeffrey Hardy, ICC Project Manager
jeffrey.hardy@iccwbo.org; +33-6-2071.1718

Emily O'Connor, USCIB Director of Intellectual Property
eoconnor@uscib.org; +1.212.703.5094



International Chamber of Commerce

The world business organization

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An ICC initiative to improve the enforcement of intellectual property protection – curbing counterfeiting and piracy and bridging the gap between advocacy and implementation

“In recent decades, the fraction of the total output of [the US] economy that is essentially conceptual rather than physical has been rising. This trend has shifted the emphasis in asset valuation from physical property to intellectual property and to the legal rights inherent in intellectual property. We must begin the important work of developing a framework capable of analyzing the growth of an economy increasingly dominated by conceptual product.”

*US Federal Reserve Chairman
Alan Greenspan, February 27, 2004*

International Chamber of Commerce

38, Cours Albert 1er, 75008 – Paris, France

Telephone +33 1 49 53 28 28 Fax +33 1 49 53 28 59

Web site www.iccwbo.org E-mail icc@iccwbo.org

The scope of the problem

- The value of counterfeited and pirated goods is escalating rapidly. Although it is difficult to gauge accurately the extent of this underground economy, the consensus view emerging from the First Global Congress on Combating Counterfeiting, May 2004, estimates the economic damage to be at least €500 billion (over \$600 billion) annually.
- Copyright, trademark and design industries are particularly affected by IP theft, but virtually no industry is untouched by this illegal activity.
- For example, two out of every five music recordings are pirated copies, costing the industry an estimated \$4.6 billion. Business software piracy is on the rise around the globe, with losses reaching nearly \$11 billion annually. Digital movie losses are over \$1.5 billion per year.
- Counterfeit drugs are also reaching a disturbing level. According to the World Health Organisation, 5-8% of all drugs sold around the world are counterfeit. Even worse, in developing countries like Mexico, up to 25% of pharmaceuticals are counterfeit – many not even containing the active ingredient.
- According to the World Customs Organization, 190 billion counterfeit cigarettes are produced each year in China alone.
- According to EU customs statistics, nearly 68 million pirated and counterfeit articles – including clothing, cosmetics, health care products and food – were seized in the year 2000, an increase of 168% over a year earlier.
- Clearly, this illegal activity is not limited to a single industry – nor does it seem to have any geographical borders.
- In India, approximately 15% of fast-moving consumer goods are counterfeit, and 38% of auto parts are fake. In Pakistan, piracy levels in cable TV, music and software are over 90%, draining more than \$1 billion in tax revenues. Twenty-two percent of Japanese corporate executives state that counterfeits are their biggest concern in trade negotiations with China.
- The US and other developed countries are not immune. The California economy loses some \$34.5 billion annually to fakes, while counterfeiting and piracy cost UK industry nearly £10 billion in 2002.

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Consensus on the need to act now

“What I find absolutely amazing is that this is a multi-billion dollar problem that affects the safety of people, the security of governments, that is connected to organized crime, drug trafficking and terrorism, and nobody pressures me to say what I’m doing about this problem. There is no pressure to produce results.”

Ron Noble, INTERPOL

“We don’t have a mandate to stop counterfeiting. We have a patchwork, which has holes in it.”

**Michel Danet, Secretary General
World Customs Organization**

“The private sector has to let us know exactly what we’re looking for. How do you get governments to pay attention if you don’t have good statistics?”

**Rita Hayes, Deputy Director General,
World Intellectual Property Organization**

“Counterfeiting and piracy will become the crime of the 21st Century.”

US Federal Bureau of Investigation.

“We also recognized the need to fight counterfeiting and piracy of intellectual property.”

**President George W. Bush, Chair's Summary
of the 2004 G8 Summit in Sea Island, Georgia**

“The effective protection of intellectual property is vital to encourage research and innovation, international trade and investment, and sound economic growth and development.”

**Jean-René Fourtou, Chairman & CEO,
Vivendi Universal and Chairman of ICC**

“Artists and composers – particularly the younger ones – will not stand a chance of creating music in the future if their recordings are simply stolen.”

Luciano Pavarotti

“Counterfeiters are the cancer of the industry.”

Rose Marie Bravo, CEO of Burberry

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