



Fact Sheet: Anti-Counterfeiting Trade Agreement

Recent data on counterfeit goods

- Customs activity has never been as high as in 2006 with more than 36,000 seizure actions, an increase of around 40% compared with 2005. The number of objects seized also increased from 75 million to 130 million.
- Counterfeit goods are now increasingly household goods rather than luxury items. In 2006, more than 1.6 million counterfeit cosmetics/personal care products and 1.2 million foodstuffs & beverage products were seized at the EU external border, out of a total of 130 million fake objects. Also seized were counterfeit airplane parts, electrical appliances and toys. Most worrying is the booming trade in counterfeit medicines with more than 2.7 million products stopped at the border. Fake medicines are reckoned to account for almost 10% of world trade in medicines. Most of these fake drugs are headed for the world's poorest countries.
- The OECD just released a new study that estimates the annual value of international physical trade in counterfeited consumer goods at **200 billion USD**, an amount equivalent to 2% of world trade and higher than the GDP of 150 countries. However, that figure does not include domestic production and consumption, nor in business-to-business transactions and internet-based counterfeiting. If these items were added, the total magnitude of counterfeiting and piracy worldwide could well be **several hundred billion dollars more**. According to the OECD counterfeiting and piracy undermine innovation, which is key to economic growth.

ACTA F.A.Q.

Q: Why is ACTA needed?

A: The proliferation of intellectual property rights (IPR) infringements poses an ever-increasing threat to the sustainable development of the world economy. It is a problem with serious economic and social consequences. Today, we face a number of new challenges: the increase of dangerous counterfeit goods (pharmaceuticals, food and drink, cosmetics or toys, car parts); the speed and ease of digital reproduction; the growing importance of the Internet as a means of distribution; and the sophistication and resources of international counterfeiters. All these factors have made the problem more pervasive and harder to tackle.

Q: What is the objective?

A: The goal is to provide a good framework for countries committed to solid IPR protection to more effectively combat the challenges of IPR infringement today.

We envision the ACTA as a leadership agreement, setting a positive example for nations that aspire to strengthen IPR protection. It is hoped that membership to this agreement will expand over time, reflecting the growing international consensus on the need for strong IPR enforcement.



Q: Which countries are involved?

A: A number of economies that consider IPR a key instrument for their development and innovation policies have agreed to be part of negotiations. Right now this includes amongst others the EU, the US, Japan, Switzerland.

Q: Is this really about ganging up on China and other countries that are not part of the group?

A: No. ACTA is not intended to isolate countries or point the finger at their enforcement efforts. The countries involved in this initiative share a particular vision of a path to stronger enforcement to deal with the challenges of piracy and counterfeiting today. This is an inclusive vision which we hope that more countries will embrace when they feel the time is right.

Q: Why are you not pursuing this agreement through the G8, WTO, WIPO or other formal structure?

A: We feel that the approach of a free-standing agreement gives us the most flexibility to pursue this project among interested countries. We fully support the important work of the G8, WTO, and WIPO, all of which touch on IPR enforcement. The membership and priorities of those organizations simply are not the most conducive to this kind of path breaking project.

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News Release



FOR IMMEDIATE RELEASE

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PhRMA Supports New Agreement Designed To Enforce Anti-Counterfeiting Laws

Washington, D.C. (October 23, 2007) — Pharmaceutical Research and Manufacturers of America (PhRMA) President and CEO Billy Tauzin issued the following statement today on the announcement by the United States Trade Representative of a new agreement on anti-counterfeiting enforcement, the Anti-Counterfeiting Trade Agreement (ACTA):

“This Agreement is an opportunity to recognize those countries that are taking a leading role in protecting consumers and patients from the threat of counterfeit medicines. It is a logical extension of the efforts of the United States to raise awareness around the multinational nature of the problems with counterfeiting of medicines and clearly could have a positive impact on international enforcement cooperation in this area.

“PhRMA supports those measures that are intended to protect patients against illegal and counterfeit products. Counterfeiting is increasingly an international enterprise and requires international cooperation to fight it. This treaty is recognition of the importance of fighting the counterfeit issue across national boundaries. Over time, we would like to see additional signatory countries added to the Agreement who have the same commitment to fighting counterfeit medicines.

“We believe the treaty could serve as a model for the types of legislation and enforcement practices required to adequately address counterfeiting. Pharmaceutical companies are committed to continuing to work cooperatively with governments around the globe to identify more effective ways to eliminate drug counterfeiting, such as devoting additional resources to enforcement actions.

“Patient health and safety and elimination of counterfeiting are among pharmaceutical companies’ highest priorities. The proliferation of counterfeit medicines around the world puts at risk the health of patients who depend on safe and effective medicines to live longer, healthier lives.”

The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country’s leading pharmaceutical research and biotechnology companies, which are devoted to inventing medicines that allow patients to live longer, healthier, and more productive lives. PhRMA companies are leading the way in the search for new cures. PhRMA members alone invested an estimated \$43 billion in 2006 in discovering and

developing new medicines. Industry-wide research and investment reached a record \$55.2 billion in 2006.

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PhRMA Internet Address: <http://www.phrma.org>

For information on how innovative medicines save lives, visit: <http://www.innovation.org>

For information on the Partnership for Prescription Assistance, visit: <http://www.pparx.org>

For information on the danger of imported drugs, visit: <http://www.buysafedrugs.info>