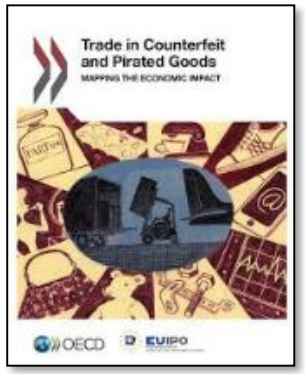
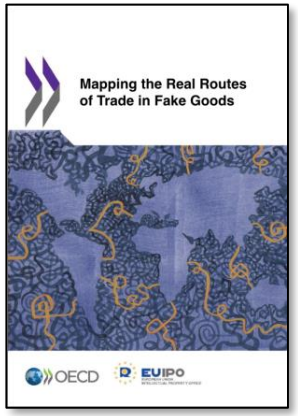
Trade in counterfeit pharmaceutical products

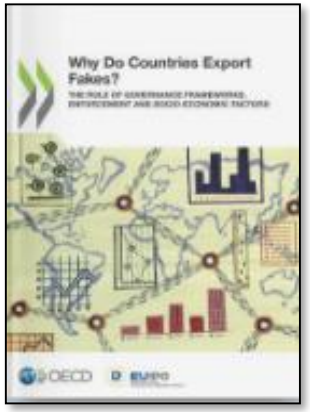
OECD / EUIPO

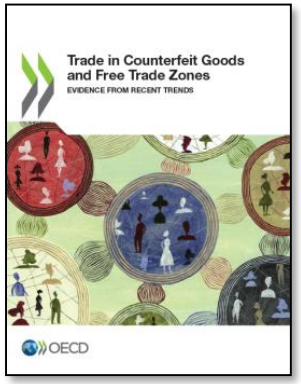
OECD – EUIPO evidence

Factual, neutral, objective
Deep dives into mechanics of trade in fakes









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Findings so far:

- Scale of illicit trade in fakes is massive.
- Fake goods originate from virtually all economies on all continents.
- Modern logistical solutions are misused: Free Trade Zones, small parcels, etc.
- Virtually every trademark-protected good can be faked.
- Effects are damaging: lost jobs, lost profits, foregone taxes

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Question?

How about fake pharmaceuticals?

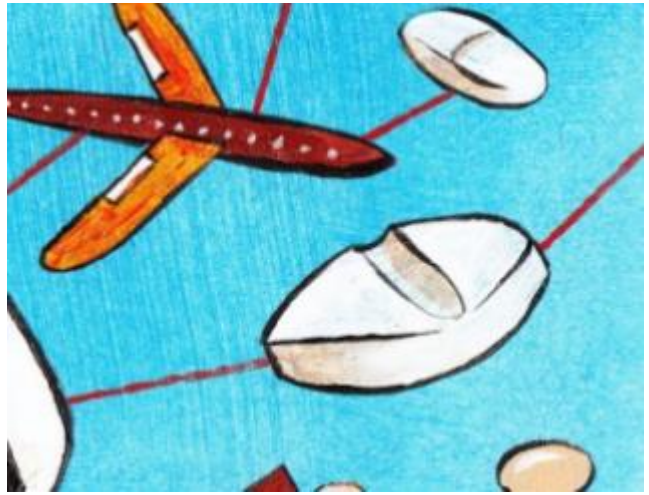
- What types of medicines are targeted?
- What is the scale? Trade routes?
- What are the modes of operation by criminals? Mapping of key trade routes.
- How about health risks?

Data

Main dataset: Customs Data
Detailed descriptions of seizures of fake medicines (globally).
From: Customs administrations (WCO, DG Taxud of the EC, US DHS CBP).

Additional dataset: Other enforcement data
Cases of fraudulent manufacture, mislabeling of drugs and fraudulent packaging.
From: Enforcement actions carried out by all kinds of enforcement agencies, such as police, health inspection service, customs, etc.

Findings



Markets for fake pharmaceuticals are very attractive for criminals:

- high profit margins
- low risks of detection and prosecution,
- weak penalties,
- ease of consumer deception.

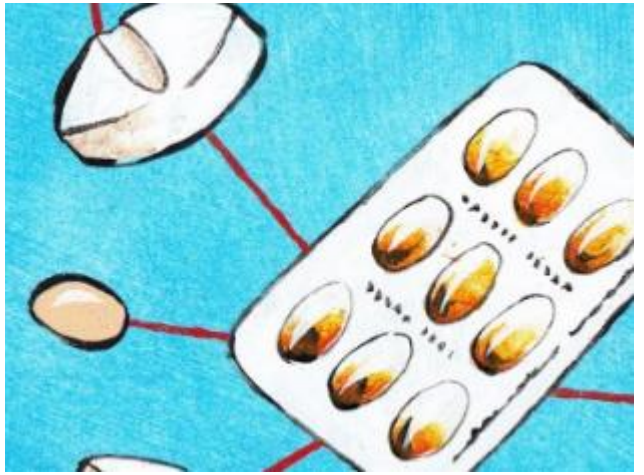
Magnitude

- Between 2014 and 2016 pharmaceuticals were the
  10th most counterfeited type of product in international trade.

- In 2016, international trade in counterfeit pharmaceuticals reached **USD 4.4 billion**

  this does not include fake medicines manufactured and consumed domestically.

Fake medicines…



Over the period 2014-2016,
seized counterfeits included medicaments for various kinds of diseases, including:

malaria, HIV/AIDS and cancer.

A review of the customs data shows that **antibiotics**, **lifestyle drugs** and **painkillers** were the most targeted by counterfeiters in international trade.

Global scale

- The scale of trade in fake medicines is global. Trade routes are complex, and region / product specific.

- **India and China are the primary producers** of fake medicines. The United Arab Emirates, Singapore and Hong Kong (China) are the key transit economies.

- Main targets: African countries, Europe and the United States.

Misuse of modern solutions

Some Free Trade Zones – as points of transit, distribution and repackaging.

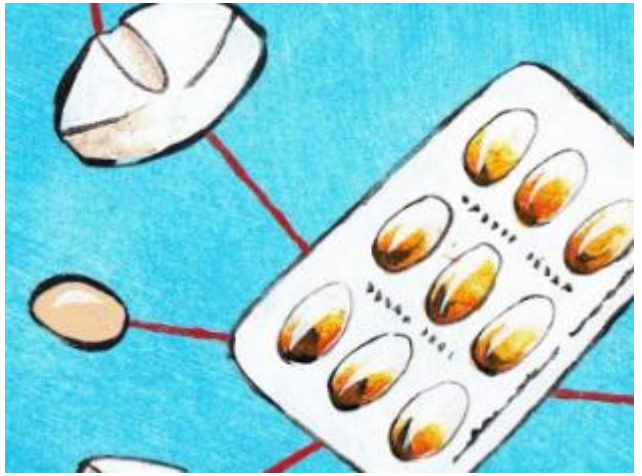
Container maritime transport (African countries)

Misuse of modern solutions

Growing role of the internet: easy point of entry into even the best regulated markets.

Great extent of misuse of small parcels (postal and express), especially to Europe and the US.

Many areas of negative effects



Health and safety,
including costs of treating patients
who have suffered adverse health consequences
as a result of consuming counterfeit medicines.

Environmental pollution

Loss of sales and damage to the reputations of legitimate producers.

Additional costs and lost tex revenues to governments and economies.

http://euipo.europa.eu

http://oe.cd/pharmatrade

Nathan.Wajsman@Euipo.Europa.eu

Piotr.Stryszowski@oecd.org