

Dangerous Fakes

Trade in counterfeit products that pose health, safety and environmental risks

EXECUTIVE SUMMARY



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This study quantitatively assesses the scope and trends of the trade in counterfeit products that pose health, safety and environmental threats. It is based on an analysis of a unique international set of customs seizure data and other enforcement data, combined with structured interviews with enforcement experts.

In principle, all counterfeit goods are risky and can pose some threats to users. To take into account different degrees of risk, the study introduces two specific approaches to determine the scope of dangerous fakes.

The broad approach considers the goods that need to meet product specific safety standards and/or are under the scope of the US Food and Drugs Administration and/or are subject of the draft United States bill – the SHOP SAFE ACT. Using this approach, one finds that apparel products, automotive spare parts, optical and medical apparatuses, as well as pharmaceuticals are the most frequently occurring dangerous counterfeits.

China and Hong Kong (China) are the largest identified exporters of dangerous fakes, accounting for more than three-quarters of seizures. Postal parcels – driven by the rising popularity of e-commerce – are the most common method of shipping dangerous fakes, significantly complicating screening and detection processes and lowering the risk of detection and penalties. The European Union and the United States were the main destination economies of the small parcels containing dangerous goods. However, in terms of the value of seizures, shipments by sea cargo clearly dominate. The distribution of destinations of dangerous fakes shipped by sea varied, with Arabian Gulf countries at the top of the list.

A more focused, narrow approach looks only at foodstuffs, pharmaceuticals, cosmetics and goods' categories that have been most frequently subject of safety alerts and recalls. This approach reveals that the most commonly traded product categories of dangerous fakes were perfumery and cosmetics, clothing, toys, automotive spare parts and pharmaceuticals. Most of these goods originated in China (55% of global customs seizures) and Hong Kong (China) (19%). 60% of dangerous goods seized were shipped by postal services, while sea was the dominant transport mode in terms of seized value.

Online sales represented 60% of global seizures of dangerous products destined for the EU. In terms of seized value, they represented only a small share, however. Among dangerous fakes ordered online cosmetics items were the most common, followed by clothing, toys and automotive spare parts. Most of these goods (75%) were shipped from China.

The COVID-19 pandemic has affected trade in dangerous fake goods, and, in most cases, the crisis has aggravated existing trends. This is particularly the case for counterfeit medicines, and other high-risk sectors such as alcohol, where broken supply chains and shifting demand created new potential for criminal activity. However, this overall sharp increase in fakes concerned not only medicines and personal protective equipment (PPE), but many other goods that can also pose health and safety risks, including consumer goods and spare parts.

To understand and combat the risk posed by the trade in dangerous counterfeit and pirated goods, governments need up-to-date information on its magnitude, scope and trends. This study is part of a continuous monitoring effort to support policy formulation and enforcement.