

# 4 Concluding remarks

## Trade in fake Swiss goods: The impact on Switzerland

In assessing the global trade in goods that infringe Swiss intellectual property rights (IPRs), this report has shown the heavy impact of this illicit activity on Switzerland. The impact on the country's manufacturing industry is significant – equivalent to more than 0.7% of Swiss gross domestic product (GDP) and contributing to almost 11 000 lost jobs in 2018 alone, equivalent to 1.7% of all employees in Swiss manufacturing. It is not only industry affected but the impact on the Swiss government in lost revenues is also significant – amounting to almost USD 160 million in 2018.

The unique methodology deployed in this report has been used in three other country studies – Italy, Sweden and the United Kingdom (UK) – which could lead to a benchmarking exercise. In terms of jobs lost in the sector of domestic manufacturing, 27 000 jobs were lost in manufacturing in the UK (1.3% of total manufacturing employment) and 64 300 jobs in Italy (2.4%). The share of jobs lost in Switzerland (1.7%) is similar to the volume of jobs lost in other analysed countries. Foregone tax revenues amounted to 0.31% of UK GDP (GBP 897 million), 1.8% of Italian GDP (EUR 5.9 billion) and 0.12% of Swedish GDP (USD 680 million). The Swiss government revenue losses were lower than other countries due to its specific taxation profile. It is also important to note that losses experienced by Switzerland are underestimated due to a lack of data on the manufacturing industry at a detailed level.

While no sector is safe from counterfeiting, the watchmaking industry is by far the worst affected. Its sales losses amounted to CHF 1.99 billion (USD 2 billion) in 2018, or 45% of all lost sales across the Swiss manufacturing industry.

The impacts of counterfeiting and piracy can also be felt beyond Switzerland's borders – harming the consumers of Swiss goods worldwide. In unwittingly purchasing fake and low-quality products at inflated prices, consumers not only lose out financially, they also risk their health and safety. In 2019, this “consumer deception” due to the purchase of Swiss fake goods is estimated at almost CHF 2.06 billion (USD 2.07 billion).

The COVID-19 pandemic has deepened the crisis, exacerbating existing problems. The pandemic has had and will continue to have a significant impact on trade in counterfeit goods that infringe Swiss IPRs. The main factors that merit particular attention in this context are the very rapid boom of illicit offers on line, which results in the rapid growth of misuse of small parcels in trade in fakes that infringe the IPRs of Swiss right holders.

In addition, to meet the growing and unsatisfied demand for pharmaceuticals and personal protective equipment, criminals supply counterfeit products, machines to produce them and spare parts that often violate Swiss IPRs. Importantly, Swiss brands are often abused to add credibility to these substandard goods, even in cases when the legitimate right owner does offer products of a particular kind. Such practices clearly freeride on the high reputation of Swiss brands and can lead to brand erosion.

The magnitude of the issue and the scale of its impact should remain of high priority to both Swiss policymakers and the country's private sector. There are significant implications for the future, including those for activities that generate high value-added and those for innovation potential, both of which are sources of long-term economic growth.

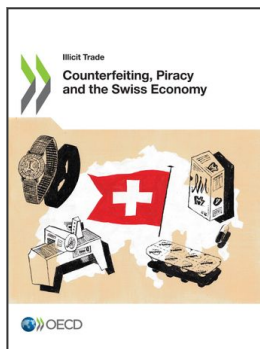
## Next steps

The magnitude of the issue and the scale of its impacts mean that tackling counterfeiting should remain of high priority to both Swiss policymakers and the private sector. There are significant implications for the future, including for activities that generate high value-added and those with innovation potential, both of which are sources of long-term economic growth.

These findings call for Switzerland to continue its strong involvement in international and multilateral initiatives to counter the risk of trade in counterfeit and pirated goods. This also includes the strengthening and co-ordination of information sharing across borders that becomes crucial to monitor the threat.

In addition, the rapid pace of changes during the COVID-19 pandemic underscores the need for an in-depth dialogue with private stakeholders, in particular in such areas as misuse of small parcels and the role of e-commerce. Such dialogue offers effective channels not only for information sharing but also provides good and flexible platforms for capacity building. In this context, the Stop Piracy initiative seems particularly relevant.

The methodology could also be successfully reapplied over time to detect trends in the scale and effects of counterfeiting and piracy in Switzerland. In addition, the methodology offers some flexibility in accommodating improvements in research, on substitution rates for example. This could lead to a more detailed analysis that would produce a more complete picture of trade in counterfeit and pirated goods, and its negative impact on rights holders, governments and consumers in Switzerland.



From:

## Counterfeiting, Piracy and the Swiss Economy

Access the complete publication at:

<https://doi.org/10.1787/1f010fc9-en>

### Please cite this chapter as:

OECD (2021), "Concluding remarks", in *Counterfeiting, Piracy and the Swiss Economy*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/2cfa5aba-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.