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U.S. Announces Major New Initiative to Fight Global Trade in Fakes

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STOP! Initiative to Help Businesses Enforce their Rights, Stop Fakes at Borders, Dismantle Criminal Enterprises & Build an International Coalition Against Piracy and Counterfeiting

WASHINGTON – U.S. Trade Representative Robert B. Zoellick joined colleagues from the Departments of Commerce, Justice, and Homeland Security today to announce a major new government-wide initiative, the Strategy Targeting Organized Piracy (STOP!), to fight billions dollars in global trade in pirated and counterfeit goods that cheat American innovators and manufacturers, hurt the U.S. economy and endanger consumers worldwide.

"Trade in fake goods is growing, cheating American innovators and producers out of billions of dollars and threatening consumers all over the world with low quality and often unsafe products. This problem crosses many different jurisdictions, laws and countries, and the STOP initiative provides a coordinated and effective answer," said Zoellick. "The message to the IPR pirates and counterfeiters is simple – we will do everything we can to make their life miserable. We will stop their products at our border; we will name and shame your company; we will ratchet up the penalties; and we will coordinate with our trading partners to prevent third-country trafficking."

From familiar products such as CDs and DVDs to clothing, brake pads and even automobiles, trade in fakes has been growing not only with the United States but also between other countries, thereby escaping the reach of U.S. law enforcement efforts. STOP! is broad in scope and brings a new approach, new tools and new pressure to bear through a coordinated effort from the federal government, the private sector and America's international trading partners. The STOP! initiative is the culmination of efforts over the last year to build on the Administration's successful efforts to combat piracy and counterfeiting around the world.

Making the announcement were Commerce Secretary Don Evans, U.S. Trade Representative Robert B. Zoellick, Attorney General John Ashcroft, and Under-Secretary of Homeland Security Asa Hutchinson.

In late 2003, USTR identified the evolution and growth of piracy and counterfeiting in the global economy as a top priority and engaged with agencies across the federal government and trading partners around the world to develop a new approach and solutions. Key elements of the STOP! initiative include:

- Helping and empowering American businesses, inventors and innovators, particularly small businesses, secure and enforce their rights in overseas markets;
- Ensuring consumer safety by securing America's borders and marketplace from fakes;
- Raising the stakes and making life more onerous for intellectual property thieves through new customs methods that increase costs to violators far beyond seizing shipments and by naming and shaming global pirates and counterfeiters who are producing and trafficking in fakes;
- Developing a "No Trade in Fakes" program in cooperation with the private sector to ensure that global supply chains are free of infringing goods;
- Working to dismantle criminal enterprises that steal intellectual property using all appropriate criminal laws, and overhauling, updating and modernizing U.S. intellectual property statutes; and
- Joining forces with like-minded trading partners concerned about the growing global IPR piracy problem, such as the European Commission, Japan, the United Kingdom and France who have all recently launched initiatives.

In his remarks, Zoellick pointed to a specific and recent case involving ABRO, an Indiana exporter of glue and other products, that highlights this growing problem and how USTR effectively worked to solve it. A Chinese firm in Hunan Province was counterfeiting ABRO adhesives using identical packaging bearing the company's name and trademarks. USTR sought resolution of this case and others at the highest levels. Just last month, ABRO secured an important victory when the Chinese Trademark Bureau stripped the Hunan counterfeiter of any right to use ABRO's trademarks.

Background:

Global intellectual property rights (IPR) theft and trade in fakes have grown to unprecedented levels, threatening many American businesses, innovators and manufacturers that depend on strong IPR enforcement for their competitiveness. Interpol estimates that seven percent of global trade now involves counterfeited goods. Trade in fakes is more than just a commercial or copyright problem. Consumer safety world wide is threatened when cheap and unregulated goods are used. For example, car windshields that purport to be shatterproof may in fact shatter, endangering occupants involved in accidents.

Though not alone, China has emerged as a leading source of pirated and counterfeit goods. The United States is pressing China to fully implement and effectively enforce its WTO IPR obligations. In April 2004, China committed to subject the full array of piracy and counterfeiting operations to criminal

prosecution, and to target production facilities and sales of fakes. China also agreed to strengthen its border enforcement. Last month, USTR initiated the first ever systematic review of China's intellectual property enforcement regime, including soliciting evidence from U.S. businesses.

Historically the United States has played a key role internationally in developing, extending and supporting intellectual property rights, through multi-lateral and bilateral treaties. Throughout the world, the United States aggressively works to improve IPR protections and enforcement using all available tools. In addition to cooperatively working with trading partners, the United States has also acted forcefully when other countries have failed to protect IPR. For example, the United States imposed \$75 million in trade sanctions on Ukraine, which are still in effect, and removed \$250 million in preferential access for Argentina.

Additionally, Free Trade Agreements (FTAs) negotiated by the United States are a prime example of how USTR synchronizes trade negotiations with ongoing enforcement efforts. These FTAs contain the highest level of IPR protection of any international agreements in the world, upgrade our trading partners' domestic laws for the modern age, and integrate law enforcement efforts.

Since 2000, the U.S. Customs and Border Protection (CBP) agency has increased IPR seizures by 100 percent. This year, CBP is setting a record pace with increased in seizures (5,500) and value (\$90 million).