

# COUNTERFEITING & ORGANISED CRIME

JUNE 2025



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Buying  
counterfeit goods  
***means***  
***supporting***  
***all the crimes***  
***we condemn!***

# Introduction

This report aims to raise awareness among consumers and also political decision makers and to support enforcement authorities taking action to counter the sale of fake goods in France and around the world.

Every day, Unifab and its sister associations worldwide, track the evolution of counterfeiting, the variety of products affected, the volumes on offer that are out of control, the digitalisation of distribution, the multiplicity of networks, the crossover between different kinds of trafficking... What was an isolated purchase in the 1970s has, fifty years later, become a commonplace behaviour, one that is illegal and has a dramatic impact for our democracies.

We all need to be aware of this so that we no longer feed these criminal networks financially, in a constant and insidious way, for they have clearly identified that counterfeiting is a limitless resource of funds,

maintained by organisations involved in intolerable and reprehensible activities.

This report provides real life examples, proven facts, tangible testimonials, stressing the urgency for concerted action to cut off these networks, support our creators, protect consumers, preserve our environment and defend our economy.

We wish to thank all the public and private actors for their contributions.

**Christian Peugeot**  
Chairman, UNIFAB

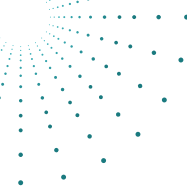
**Delphine Sarfati-Sobreira**  
CEO, UNIFAB  
President, GACG (Global Anti Counterfeiting Group)

**Unifab is France's leading public-interest organisation in the fight against counterfeiting. It brings together 200 enterprises and professional federations from every business sector, to promote and defend intellectual property rights.**

Under the aegis of the French ministries of the Interior and Industry, Unifab is the guarantor of the nation's intellectual property heritage and protector of creation and innovation. It is organised around four main missions: training operational customs and law enforcement personnel on how to distinguish between a fake product and a real one; raising the awareness of the general public through the creation and the release of communication campaigns; influencing French, European and International law makers so that they hear industry's voice; collaborating with actors from the digital world (e-trade platforms, marketplaces, social media, search engines, etc.).

**GACG, the Global Anti-Counterfeiting Group, is the international network of national and regional IP protection and enforcement organisations covering more than 15 countries. The members are not-for-profit associations of IP rights holders and their representatives.**

The main objectives are to coordinate members' international activities, share best practices and information, and to participate in appropriate joint activities to solve international IPR enforcement challenges.



# Summary

Counterfeiting, which is deeply embedded in the global economy and digital platforms, has become a vital financial resource for organised criminal networks. According to the Organisation for Economic Co-operation and Development (OECD), counterfeiting accounts for an estimated 2.5% of global trade.

Within the European Union, where up to 5.8% of imported goods are believed to be counterfeit products, the situation is equally alarming. In 2023, a historic record was reached: 152 million counterfeit items were seized by authorities in member states, with an estimated value of over €3.4 billion. The products most affected are packaging items (boxes, labels, etc.), followed by games and toys, as well as perfumes and cosmetics – highlighting the scale of the phenomenon in the daily lives of European consumers.

In France, the trend is just as concerning. In March 2025, the Minister of Public Accounts, Amélie de

Montchalin, confirmed that French customs had intercepted more than 21.47 million counterfeit products in 2024, with an estimated value of €645.2 million. This marked the fifth consecutive year of increase. Seizures in express and postal freight—driven by the explosive growth of online commerce—have skyrocketed, reaching three million items on their own.

All sectors of the economy are now affected: from everyday consumer goods to luxury items, including food, healthcare, transportation, and industry. Transnational criminal networks have made counterfeiting a structured, discreet, and extremely profitable pillar of the global illicit economy.

**In its April 2024 report, Europol identified 31 criminal organisations as being actively involved in counterfeiting; 13 of them made counterfeiting their primary activity.**

## THE FACTS: COUNTERFEITING, A MAJOR DRIVER OF TRANSNATIONAL CRIME

### OPPORTUNISTIC CRIMINAL GROUPS

High profitability, low legal risk, and countless opportunities make counterfeiting a favored source of revenue not only for organised crime, but also for terrorist organisations. The operating methods of groups specializing in counterfeiting mirror those of drug trafficking: hierarchical networks, transnational logistics, and sophisticated money laundering. Today, these organised criminal groups exploit new technologies, diversify their illicit activities, and strengthen operational ties between counterfeiting, drug trafficking, human trafficking, and money laundering.





These actors notably include:

- **The Camorra (Italy):** involved in counterfeit luxury goods, clothing, medicines, counterfeiting is reportedly the Camorra's second-largest income source after drugs.
- **Chinese Triads (e.g., 14K, Sun Yee On):** these groups are based in Hong Kong and active globally in smuggling counterfeit electronic products, luxury goods, tobacco, sports shoes, and fake gold.
- **D-Company (India):** one of India's most notorious organised criminal groups, D-Company is involved in counterfeiting, audiovisual piracy, and the financing of terrorism, all while controlling the black market for films/DVDs.
- **Hezbollah:** the collapse of the former Syrian regime in December 2024 shed new light on the industrial-scale production of fake Captagon pills by both the previous Syrian government and by Hezbollah, which is also heavily involved in the global drug trade and the counterfeiting of currency. Before their downfall, the al-Assad family earned \$2.4 billion in estimated profits from the Captagon trade.
- **Mexican Cartels (Sinaloa, Jalisco):** according to U.S. law enforcement, these heavily-armed Mexican criminal organisations are major producers of counterfeit medicines, including Fentanyl-laced pills for the US market.
- **North Korea:** the North Korean government has made counterfeiting a strategic pillar of its underground economy for the past several decades. It directly oversees the production of counterfeit money, fake pharmaceuticals (including Viagra and antibiotics), the smuggling of counterfeit luxury goods, and trafficking in banned items like ivory and conflict diamonds.

In addition to these most prominent groups, other mafia organisations and transnational criminal

networks have been discovered dominating the counterfeit cigarette market across Europe, running international luxury jewellery counterfeiting out of the United Kingdom, and even running illegal streaming platforms that generate over €250 million per month in revenue.

Counterfeiting networks are structured and hierarchical, based on a criminalised supply chain and integrating outsourcing to specialised actors. Ports like Rotterdam, Antwerp, and Hamburg are key entry points for counterfeit products, and "Crime as a Service" (CaaS) is prevalent, with groups delegating tasks like money laundering or document fraud to specialists. This is mirrored by the phenomenon of "Piracy as a Service," which has lowered entry barriers for illegal streaming by offering turnkey services for new content pirates.

## THE CONDITIONS BEHIND A GLOBAL BOOM IN COUNTERFEITING: IMPUNITY, PROFITABILITY, AND GLOBAL OPPORTUNITIES

### GLOBALISATION AND E-COMMERCE AS FERTILE GROUND FOR COUNTERFEITING

**The meteoric rise of parcel shipping—whose total volume surged by 150% between 2016 and 2022, driven by the e-commerce boom during the COVID-19 pandemic—has provided fertile ground for counterfeiting networks.** As small packages can easily evade detection, transnational counterfeiting networks make extensive use of postal consignments, which accounted for 77% of global counterfeit seizures between 2017 and 2019. Maritime transport, which handles 85% of global trade volume, is also a key route for counterfeiters. Customs services, overwhelmed by the sheer volume of global flows, can only inspect 2–3% of imports, leaving the door wide open for massive infiltration of illicit products.

- A specific China-based network uncovered in 2024, known as "BogusBazaar," created over 75,000 fraudulent e-commerce sites targeting Western consumers.

- The case of Julien Vincent and his ability to distribute tens of thousands of fake luxury watches from Thailand via wholesalers has helped demonstrate the sale of contemporary counterfeiting. Vincent was sentenced to a records €206 million fine and four and a half years' imprisonment in 2024.

Counterfeiting is no longer limited to online platforms or underground markets—it is now infiltrating legitimate distribution channels, including major retail chains and supermarkets. Transnational criminal networks have professionalised the entire supply chain, producing higher-quality fakes that are sometimes so hard to distinguish from genuine products they require lab testing.

To penetrate legal supply chains, counterfeiters use sophisticated techniques:

- **Bulk breaking:** splitting the shipment of components through multiple countries to mask their true origin.
- **Product mixing:** inserting counterfeit items among genuine goods within cargo shipments.
- **Exploiting shortages:** taking advantage of market shortfalls to sell fake goods, such as counterfeit contact lenses in the U.S. or fake electronics in Hong Kong.

Even audiovisual piracy networks have also sought legitimacy by using known payment brands, or by registering their own trademarks.

## COUNTERFEITING: A LOW-RISK CRIME

Counterfeiting is increasingly attractive to criminals because it carries minimal legal risk compared to other trafficking activities, like drug trafficking. **Legal penalties for counterfeiting are largely insufficient.**

- In France, for example, consumers risk little more than rarely enforced customs fines and product confiscation. Counterfeiters face up to three years in prison—a sentence that is rarely handed down. This maximum can rise to seven years in cases involving organised criminal groups or when counterfeits pose health or safety risks.
- Despite a few high-profile convictions, most cases end with minor administrative penalties, ignoring related offenses like illegal labor or money laundering.

At both the European and global levels, specialised counterfeiting investigators suffer from a lack of resources and do not have access to special investigative techniques (like wiretapping and infiltration) used to combat other types of trafficking. Financial investigators are often missing from these cases. The European Union had even excluded counterfeiting from its priorities in the fight against organised crime for the 2017–2021 period. Fortunately, this trend is reversing: counterfeiting is once again on the agenda of EMPACT, the EU's multidisciplinary platform against criminal threats.

The seriousness of counterfeiting is still widely underestimated by the public. **According to a 2023 survey by the EUIPO, one-third of Europeans consider it acceptable to buy counterfeits when genuine products are deemed too expensive; this figure rises to nearly 50% among younger consumers.**

Many remain unaware of the major health risks associated with counterfeits or the deep links between this trade and organised crime. Even some policymakers still view counterfeiting as a “victimless” economic offense. Authorities tasked with combating counterfeiting suffer from a lack of prioritisation, and often lack a coordinated strategy to stem the tide.



## COUNTERFEITING: THE JACKPOT FOR ORGANISED CRIME

Counterfeiting offers organised crime enormous profits with minimal investment and limited risk, sometimes yielding higher margins than drug trafficking. Counterfeit software, for example, can cost as little as €0.20 to produce while selling for €45.

**A 2018 report from the US Patent and Trademark Office (USPTO) found that counterfeiting is now the world's most lucrative criminal activity, generating between \$1.7 and \$4.5 trillion a year nationally and internationally.**

## THE STRUCTURE AND DRIVERS OF AN ILLICIT ECOSYSTEM

### A FLEXIBLE AND EVOLVING ORGANISATION

These criminal networks constantly adapt their strategies in response to changes in law enforcement tactics. A striking trend over the past decade is the partial relocation of production sites to Europe: to evade customs controls, some activities previously concentrated in China, Hong Kong, or Turkey have now been moved to clandestine factories in Italy, France, Spain, Poland, and the Czech Republic. Recent enforcement operations have dismantled clandestine cigarette and cosmetics factories in France, and a major Spanish network repackaging adulterated wine for export and sale in East Asia was taken down by Spanish police in February 2025.

**Counterfeiting networks have come to favour fragmented production, shipping components (labels, bottles, packaging) separately for final assembly in destination countries in order to avoid detection and minimise losses.**

- A recent bust linked to a cocaine shipment uncovered an operation where 68,000 counterfeit perfumes had been assembled in French warehouses using liquids from Eastern Europe and bottles from China,

Spain, and France—with all the work done by undocumented workers.

- In 2024, a separate operation carried out by the Economic Inspectorate of Belgium's Federal Public Service found three clandestine sales locations with assembly and repackaging materials for clothes and shoes and a workshop for fake perfumes, totalling 16,000 items overall.

## MONEY LAUNDERING MECHANISMS LINKED TO COUNTERFEITING

Criminal organisations launder profits from counterfeiting through shell companies and opaque financial circuits, mixing the proceeds with those from other illicit activities such as drug trafficking and prostitution. In July 2024, a network of Chinese nationals in Spain and France was found laundering up to €1 million per day from counterfeiting, fraud, prostitution across Europe. In June 2022, a Greek network selling fake luxury goods was found to have used courier companies to launder over €18 million in illicit profits from 364,000 packages.

The Hawala system—informal, trust-based, and requiring no written records—remains a favored channel for transferring billions of dollars annually among criminal networks. In November 2016, an international network that had transferred over €300 million in drug money from Western Europe to Morocco via Hawala channels was dismantled by Dutch, French, and Belgian police.

The use of crypto-currencies has further facilitated illegal transactions, offering criminal organisations anonymity and limited traceability for payments and money laundering. Criminals use exchange platforms to convert funds, pass them through mixers/tumblers to obscure their origin, and set up fake companies to justify financial flows. On the dark web, the majority of payments are now made in crypto. Privacy-focused cryptocurrencies like Monero, Dash, or Zcash are popular for their high levels of anonymity, and even NFTs are now being exploited for money laundering purposes.

Counterfeit medicines and pharmaceuticals are both highly profitable and extremely dangerous. A recent investigation revealed the sale of falsified Ozempic in 28 countries, resulting in multiple hospitalisations. In November 2024, the transnational operation SHIELD V, coordinated by Europol, INTERPOL, OLAF, and Frontex, led to the seizure of more than 89 million counterfeit items, 2,374 arrests, and the dismantling of 16 clandestine laboratories. In the United States in 2023, authorities seized 115 million counterfeit medications, a large portion of which contained hidden Fentanyl—a deadly opioid produced in part by Mexico’s Sinaloa and Jalisco cartels. Alarming, nearly half of the seized Fentanyl was disguised in counterfeit pills, rendering the threat invisible to consumers.

## EXPLOITING LABOUR

**Counterfeiting relies on the exploitation of vulnerable workers—often undocumented, minors, or victims of human trafficking—employed under illegal, unsafe, and poorly paid conditions, with no protection or rights.** In March 2025, a large-scale police operation at the Saint-Ouen flea market near Paris led to the seizure of nearly 20 tons of counterfeit goods and the arrest of five individuals, including street vendors and a couple suspected of running an illegal immigration network that exploited these workers and organised the import of counterfeit luxury goods. This case exemplifies what might be called the “Taylorisation of illegal labor”: the most exposed links in the chain are also the most vulnerable.

## THE MULTIFACETED IMPACTS OF AN UNDERESTIMATED THREAT

### LACK OF CONSIDERATION FOR ENVIRONMENTAL ISSUES

Counterfeit products are often made from hazardous, non-compliant substances such as lead or mercury, making them non-recyclable. Analyses have revealed that some counterfeit perfumes and cosmetics contained antifreeze, corrosive chemicals... even urine. Fake agricultural inputs (pesticides, seeds, fertilisers) cause major environmental damage. The global illicit trade in pesticides alone is worth between 8 and 20 billion dollars per year.

### A MAJOR IMPACT ON HEALTH AND PUBLIC SAFETY

**Counterfeit products directly endanger human health and life.** Pharmaceutical counterfeiting — expired drugs, pills without active ingredients, or containing toxic substances — results in ineffective treatments and even deadly side effects. For example, counterfeit antimalarials cause approximately 270,000 deaths annually in sub-Saharan Africa.

**Counterfeiting also has dramatic consequences in critical sectors such as aerospace, where counterfeit airplane parts seriously compromise flight safety.** Some used parts are illegally reconditioned, accompanied by fake certificates, and then reintroduced into legal supply chains. Under financial and logistical pressure, some airlines become vulnerable to these practices. The Concorde crash in July 2000 was partly linked to a counterfeit part from another aircraft, while in 2023, the AOG Technics scandal grounded 126 planes due to engines containing faked components.

As noted by Catherine Dumas, Senator for Paris: “Counterfeit medicines, fake spare parts, non-compliant toys : these illegal products not only pose a threat to the health and safety of our citizens, but also contribute to the financing of illicit activities, [...] organised crime, and even terrorism.”

## ECONOMIC REPERCUSSIONS: A THREAT TO BUSINESSES

**Counterfeiting directly undermines the formal economy, causing unfair competition and massive financial losses for companies and governments.**

In the European Union, counterfeiting is estimated to cause €83 billion in annual losses across 11 key sectors, €15 billion in lost tax revenue, and 670,000 jobs lost. These losses affect states' fiscal sovereignty and their ability to fund public services.

**Counterfeit products also harm legitimate production and distribution of authentic goods, threatening the economic balance of entire industries.**

As Christophe Blanchet, MP and president of the National Anti-Counterfeiting Committee (CNAC), points out: "Lost revenue for the French state amounts to €6.7 billion in lost direct sales, along with 38,000 jobs eliminated each year."

Counterfeiting networks have infiltrated every economic sector. They use increasingly sophisticated techniques to deceive consumers: polished packaging, fake certificates, forged QR codes, etc. The most affected sectors are:

- **Textiles & accessories:** €12 billion in annual losses in the EU (5.2% of total revenue) and 160,000 jobs lost. In the U.S., over 46% of customs seizures in 2023 were in this sector.
- **Cosmetics & perfumes:** €3 billion in annual losses in the EU (4.8% of sales). In France, the industry recorded €800 million in losses. In 2024, French customs seized 2.19 million counterfeit products of this type (10.2% of all national seizures).
- **Toys:** €1 billion in annual losses in the EU (8.7% of total sales) and major safety risks for children (toxic substances, choking hazards). 5.76 million items were seized in France in 2024, accounting for 26.8% of customs seizures.
- **Electronics:** According to the OECD (2017), 1 in 5 phones and 1 in 4 game consoles sold worldwide are counterfeit. Criminal networks regularly distribute fake high-end smartphones via online platforms like Facebook Marketplace, making detection especially difficult.
- **Food and alcoholic beverages:** In 2023, French customs seized 1.12 million counterfeit food products — a sharp increase. In 2024, the European operation OPSON XIII (coordinated by Europol) led to the seizure of 22,000 tons of food and 850,000 liters of counterfeit drinks, worth an estimated €91 million. Some fake drinks can be deadly: in February 2022, a batch of champagne contaminated with MDMA killed one person and poisoned ten others in Germany and the Netherlands.
- **Automotive and industrial parts:** Critical components like headlights, filters, or brakes are regularly counterfeited. In 2024, French customs seized more than 80,000 fake automotive parts worth over €4 million. The discovery of counterfeit industrial bearings for wind turbines and 30,000 fake ball bearings destroyed in Germany in April 2023 highlight the major — potentially catastrophic — risks for production chains and transport systems.
- **Audiovisual piracy:** In 2023, 141 billion visits were recorded on illegal streaming sites — a 12% increase from 2019. This trend poses a major economic threat to sectors like sports: in France, a significant share of fans watch Ligue 1 matches on these illicit platforms.
- **Tobacco:** In France, 15.4% of cigarettes sold are counterfeit — the highest rate in Europe. In 2023, 300 million fake packs were distributed, resulting in an estimated €2 billion in tax losses for the French state.

## AN URGENT AND COORDINATED RESPONSE IS NEEDED

Faced with such a growing threat, the fight against counterfeiting cannot be limited to brand protection alone: it is a pressing issue of safety and economic stability. As the Paris Bar President, Pierre Hoffman, emphasises: "Counterfeiting not only threatens the economy and innovation, it also attacks the integrity of brands and their reputation. Still more seriously, it exposes consumers to hazards that they are often unaware of. Buying counterfeit products: this is more than just buying a fake product, it means placing a serious bet on your own safety and quality of life. Fighting this scourge serves therefore to preserve our economic fabric and to protect citizens. It is an absolute necessity. Given the extent of this parallel market and the strength of the networks that support it, I am convinced that only coordinated, firm and determined action will defeat it. It is now or never."









01

**A context  
that favours  
the growth of  
counterfeiting**  
by organised  
crime networks



# 1.1 Globalisation and e-commerce as breeding grounds for counterfeiting

In its April 2024 report mapping the principal criminal organisations posing the greatest threat to the European Union, Europol identified 31 actively involved in counterfeiting, including 13 who make it their main business.

According to Piotr Strykowski, Head of Unit in charge of the Organisation for Economic Co-operation and Development (OECD)'s Working Party on Combating Illicit Trade, "counterfeiting is a solid source of income for criminal groups, and even potentially for failing states and terrorist organisations. It is also a safer source of revenue compared to drug trafficking, where the earnings carry far greater risk".

According to Corinne Cléostrate, Deputy Director of Legal Affairs and Anti-Fraud at French Customs, "in recent years, the phenomenon of counterfeiting has expanded rapidly, facilitated by the globalisation of trade and the development of online commerce. The expansion is a qualitative one (diversification of intellectual property rights affected: from food products to semi-conductors) and quantitative, with more than 40 million counterfeit items withdrawn from the market by Customs since 2021. The COVID-19 pandemic has further exacerbated the situation, increasing the use of express and postal freight to distribute counterfeit goods, while online platforms, including social media and marketplaces (such as dropshipping), have become channels for the distribution of counterfeit goods".

## The expansion of the package transport market and its impact on the spread of counterfeiting

The global package market has undergone remarkable expansion in recent years, with significant implications for the fight against counterfeiting and posing new challenges for customs authorities. This growth is being driven primarily by the boom in e-commerce, which has accelerated exponentially in the wake of the Covid-19 pandemic.

According to the World Trade Organisation's (WTO) Goods Trade Barometer<sup>1</sup>, **between 2016 and 2022, the global volume of packages increased by 150%, from 64 billion to 161 billion units, or the equivalent of 5,102 packages sent per second or 441 million per day.** Projections for 2028 indicate that this growth will continue, **with an expected volume of 225 billion packages.** This rapid expansion, while illustrative of the dynamism of international trade, also facilitates the development of illicit flows, particularly trafficking in counterfeit products.

In this context, a joint study conducted by the Organisation for Economic Co-operation and Development (OECD) and the European Union Intellectual Property Office (EUIPO)<sup>2</sup> on trade routes for counterfeit goods (2021) highlights that 77% of global counterfeit seizures between 2017 and 2019 involved postal consignments. This prevalence is explained by the difficulty Customs have in detecting counterfeit goods concealed within small packages, sent individually via e-commerce platforms. In comparison, seizures by air accounted for 14%, while 5% of counterfeits seized were transported by sea.

1 <https://www.wto.org/>

2 [2021 EUIPO OECD Report, "Illicit Trade - Global Trade in Fakes - A Worrying Threat"](#)

According to Guillaume Nocella, brand protection manager at Stellantis: “in recent years, there has been a boom in express transport and logistics, with small packages arriving every day. In fact, Customs can only inspect 2 to 3% of all imported goods. As a result, the reported figures on counterfeiting only represent the tip of the iceberg”.

## THE RISE OF MARITIME TRANSPORT AND ITS ROLE IN COUNTERFEITING

In parallel with the growth in package transport, maritime container transport has developed considerably, contributing to the expansion of the counterfeit market worldwide. According to a joint study by the EUIPO and the OECD (2021)<sup>3</sup>, **85% of the volume of goods traded worldwide move is by sea**. This proportion illustrates the strategic importance of port infrastructure in trade, including for criminal organisations.

**In 2024, global container transport grew by 6.2%, with a total of 183.1 million TEU containers (20-foot equivalent units, representing standard containers) being shipped<sup>4</sup>.** However, according to Nathalie Le Rousseau-Martin, a criminologist and associate researcher and co-director of the Observatory of International Criminalities (ObsCI) at the French Institute for International and Strategic Affairs (IRIS), a French think-tank specialising in geostrategic issues, “counterfeiting mainly transits by container, because large quantities inevitably use this mode of transport. The key issue for criminal organisations is therefore to ensure that the goods arrive at the port. **It's no coincidence that all the world's mafias were born in port cities: controlling ports is essential to their activity**”.

## MARITIME TRANSPORT LOOPHOLES EXPLOITED BY CRIMINAL NETWORKS

The use of container ships offers several logistical advantages that attract criminal organisations. According to the French National Industrial Property Institute (INPI), “these infrastructures improve the efficiency and reduce the costs of international trade, offering an opportunity to traffickers who misuse maritime container transport to move counterfeit goods”. This practice is all the more widespread as the **physical inspection rate of containers remains extremely low**, facilitating the passage of illicit cargo, whether counterfeit goods, narcotics or other smuggled goods. The figures corroborate this trend. At the European level, a report published by the EUIPO and the OECD in February 2021 indicates that estimated imports of counterfeit and pirated goods within the European Union (EU) amounted to €121 billion, representing **6.8% of total EU imports**.

## THE ADAPTABILITY OF CRIMINAL ORGANISATIONS WHEN Faced WITH REGULATIONS

Lastly, thanks to their agility, criminal networks are exploiting changes in world trade to optimise their logistical circuits, using the same routes as legal trade, particularly maritime traffic flows. Their responsiveness means they can quickly adjust their strategies in response to political, geopolitical and legislative changes.

This ability to adapt, combined with the growth in package and seaborne cargo volumes makes the fight against counterfeiting all the more complex for the authorities. According to experts in the field and customs and law enforcement, this highlights the need for tighter customs controls, **increased international cooperation and the use of advanced technologies** - including artificial intelligence and blockchain traceability - to improve the effectiveness of systems for detecting illegal goods.

3 [https://www.oecd.org/en/publications/misuse-of-containerized-maritime-shipping-in-the-global-trade-of-counterfeits\\_e39d8939-en.html](https://www.oecd.org/en/publications/misuse-of-containerized-maritime-shipping-in-the-global-trade-of-counterfeits_e39d8939-en.html)

4 <https://containerstatistics.com/>

As Jeff Hardy, Director-General of the Transnational Alliance to Combat Illicit Trade (TRACIT), a non-profit, non-governmental organisation that brings together 1,500 brands and subsidiaries around the world to combat the economic and social impacts of illicit trade, explains, “we’re making progress in the fight against counterfeiting, but a big part of the problem is that the intermediaries like express mail carriage, e-commerce platforms and free trade zones have been free to look the other way, enabling illicit traders to abuse their infrastructures.”

## Social networks and e-commerce, new catalysts for counterfeiting

The rise of social networking and e-commerce has profoundly altered the dynamics of the counterfeiting market, facilitating access to illicit products and multiplying opportunities for criminal networks. The simplification of transactions and the immediacy of online shopping encourage impulse buying, thereby increasing the risk of consumers acquiring counterfeit goods.

According to a study by Ifop<sup>5</sup>, a French polling institute, entitled “The French and the dangers of counterfeiting”, carried out by Unifab and the French National Institute of Industrial Property (INPI), as part of the ‘France Anti-Counterfeiting’ observatory, reveals that 34% of consumers have already bought a counterfeit product thinking it was genuine. This figure rises to 37% among 15-18 year olds.

Successive crises, whether economic or health-related, have intensified the adoption of digital platforms and propelled e-commerce right into the heart of everyday consumer habits. This meteoric transformation has outstripped the ability of the authorities and rights holders to provide effective consumer protection, against a backdrop marked by **the gig economy, the increasing digitalisation of the economy and the consolidation of online shopping habits**. Since the Covid-19 epidemic, consumers - now accustomed to comparing prices and offers on the internet - have continued to increase their use of digital platforms. According to the Legal Affairs Department of the French Ministry of the Economy, in 2022, 2.3 billion transactions were performed online, in especially via marketplaces<sup>6</sup>. In 2024, sales from online transactions in France totalled €175.3 billion, according to the French E-Commerce and Distance Selling Federation (Fevad)<sup>7</sup>.

In this context, the report by the EUIPO, published in June 2021 and entitled “Risks and damages posed by IPR infringement in Europe”, stresses that consumers are increasingly exposed to counterfeit products online. **According to the report, almost 1 in 10 Europeans (9%) have been encouraged to buy counterfeit goods, while more than 1 in 3 consumers (33%) are unsure of the authenticity of the products they buy online<sup>8</sup>.**

According to a survey of a sample of 25 Unifab member companies representing all business sectors, 42.5 million illegal ads were removed from social platforms and networks between 2022 and 2023<sup>9</sup>.

5 <https://www.unifab.com/40-des-consommateurs-francais-ont-deja-achete-un-produit-contrefaisant/>

6 <https://www.economie.gouv.fr/daj/lettre-de-la-dai-rapport-dinformation-sur-levaluation-de-la-lutte-contre-la-contrefacon>

7 <https://www.fevad.com/bilan-du-e-commerce-en-france-en-2024-les-ventes-sur-internet-franchissent-le-cap-des-175-milliards-deuros-en-hausse-de-96-sur-un-an/>

8 [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/Awareness\\_campaigns/spring\\_campaign\\_2021/2021\\_Spring\\_Campaign\\_en.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/Awareness_campaigns/spring_campaign_2021/2021_Spring_Campaign_en.pdf)

9 <http://unifab.com/journee-mondiale-anti-contrefacon-2024/>

## THE USE OF SOCIAL NETWORKS TO DISTRIBUTE COUNTERFEIT GOODS

Social networks are now a privileged channel for counterfeiters, enabling them to reach a large audience in a short space of time. Unlike in the past, the dark web is not used much today for trading counterfeit goods, as social media platforms are much more accessible to consumers.

According to Claire Laclau, the French police commissioner in Saint-Ouen, on the outskirts of Paris, “the Internet is a safer place for offenders, because there is more opacity and less risk of being caught out, while being less expensive than shops, even if there is a certain attachment to the storefront”.

This relative impunity encourages counterfeiters to leverage social media by deploying sophisticated marketing strategies.

As Didier Douilly, former cybercrime officer and Chief Business Officer at Webdrone, a French platform for monitoring cybercriminal activities, also explains, “social networks are a favourite playground for criminals, who have invaded Facebook, Instagram, Telegram, Snapchat and TikTok, where they even do marketing and promotions. As part of our detection work, we need to have a very good grasp of these networks”.

## NEW METHODS OF PROMOTING AND DISTRIBUTING COUNTERFEIT GOODS

Faced with the authorities’ efforts to identify counterfeit sellers, the distributors and sellers of counterfeit products have deployed new sales techniques, making detection more difficult. **These include the use of stories or live sales on social networks**, which allow sellers to promote illicit products on a temporary basis, thereby limiting the traceability of publications as they soon disappear.

As well as directly counterfeiting the brands of established companies, counterfeiters are also using new methods to take advantage of the legal grey areas surrounding the protection of intellectual property. As part of this trend, the products of established brands are now being replicated or imitated under various “dupe” or “clone” names, these fake products are marketed as “generic” or “pingtis”, depending on the region or country in which they are sold. This new trend takes advantage of a brand’s reputation, using the distinctive features of iconic products to sell unrelated items by claiming that they are the same but cheaper. This new generation of counterfeits is promoted online by influencers who encourage their communities to put their health and safety at stake.

A case involving Cartier and Amazon in the United States in June 2022 is a good illustration of this phenomenon. The two companies have launched joint legal actions in the United States against an influencer and eight companies alleged to have facilitated the promotion and sale of counterfeit luxury goods via Instagram and other sites. According to complaints filed with the U.S. District Court<sup>10</sup>, the defendant companies knowingly misled consumers by passing off their products as genuine Cartier products in advertisements on other websites. At the same time, they circumvented Amazon’s counterfeit detection systems by listing them as generic items on the platform itself.

In addition, **certain influencers play an active role in the promotion of counterfeit products**. In November 2020, Amazon took legal action against Kelly Fitzpatrick and Sabrina Kelly-Krejci, two American influencers accused of promoting counterfeit products on Instagram and TikTok. After Amazon and Kelly Fitzpatrick reached an out-of-court settlement in 2021, the United States District Court for the Western District of Washington formally ordered Kelly Fitzpatrick to pay \$27,000 in damages to Amazon in December 2023<sup>11</sup>.

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10 [Amazon.com Inc et al v. Phmn9y3v et al, dossier No. 2:2022cv00840](#)

11 [Amazon.com Inc. v. Fitzpatrick \(2:20-cv-01662\)](#)

The case of Julien Vincent, nicknamed “the millionaire of fake luxury watches”, also illustrates the scale of the phenomenon. From Thailand, Frenchman Julien Vincent ran an international network selling counterfeit watches, distributing tens of thousands of fake timepieces in Europe through some forty wholesalers in France. His arrest in October 2022 and repatriation to France led, on 5 April 2024, to his being sentenced to a €206 million fine and 4 and a half years’ imprisonment<sup>12</sup>.

## DIGITAL ANONYMITY: A MAJOR OBSTACLE TO IDENTIFYING COUNTERFEITERS

One of the main challenges associated with the online sale of counterfeit goods is the anonymity offered by digital platforms, which makes it extremely difficult to identify sellers. Since the passing in France of Act 2021-998 of 30 July 2021 amending article 6 II of LCEN<sup>13</sup> and L.34-1 of the Civil Enforcement Procedures Code, the authorities can no longer disclose the identity of a content creator suspected of infringement in the context of a civil procedure. A criminal proceeding is now required to initiate prosecution. This change in the law has considerably slowed down the process of identifying fraudsters, encouraging the proliferation of counterfeit products on the Internet despite a legislative change in France with the passing of a law designed to regulate the practices of influencers. In addition, the ease with which it is possible to create an account under a false identity and delete it quickly after committing an offence further complicates judicial investigations.

In the face of these challenges, Jeff Hardy, Director-General of TRACIT, stresses the importance of the legislative reforms currently under way: “I’m encouraged by reforms such as the Digital Services Act in Europe and the INFORM Act in the United States.

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<sup>12</sup> [https://www.lemonde.fr/societe/article/2024/04/06/proces-de-la-geneverie-206-millions-d-euros-d-amende-et-quatre-ans-et-demi-de-prison-pour-un-fausse-ai-re-de-montres\\_6226330\\_3224.html](https://www.lemonde.fr/societe/article/2024/04/06/proces-de-la-geneverie-206-millions-d-euros-d-amende-et-quatre-ans-et-demi-de-prison-pour-un-fausse-ai-re-de-montres_6226330_3224.html)

<sup>13</sup> Law no. 2021-998 of 30 July 2021, on the prevention of acts of terrorism and intelligence, published in the Official Journal of the French Republic on 31 July 2021.





Finally, governments are establishing standards for responsible behaviour by e-commerce platforms. If platforms truly want to rid their infrastructures (online, fulfilment and distribution) of counterfeits, then they need to stop looking for loopholes in the law. They need to repudiate suspicious 3rd party sellers, escalate measures to block counterfeit listings – and genuinely embrace the spirit of these new laws. Otherwise, nothing changes.”

## THE EXPANSION OF ASIAN MARKETPLACES AND REGULATORY ISSUES

Western e-commerce platforms are also facing increasing competition from Asian counterparts. As Piotr Strykowski, Head of Unit of the OECD's Working Party on Countering Illicit Trade, explains, “Amazon, eBay, and other major platforms see that they face growing competition from new platforms in far east Asia, which may have no objections towards counterfeiting, and in some cases may even encourage it. For the major platforms, establishing a set of best practices seems like a reasonable solution to strike a balance between unfair competition and regulatory pressure”.

### Infiltration of counterfeit products into legal distribution channels

The infiltration of counterfeit goods into legitimate distribution channels is a growing challenge for authorities and businesses alike. This phenomenon, which used to be confined to online markets and parallel distribution channels, is now affecting established commercial networks, including major retailers and legal sales platforms.

The global trade in containerised goods is an opportunity for criminal networks involved in counterfeiting, enabling them to introduce counterfeit products into the legal supply chain and conceal fraudulent parts or components.

OLAF also supports this development, explaining that: “criminal organisations are capable of managing both production sites and end-to-end logistics. A few years ago, counterfeit products were only found on the black market, in small villages, etc. Today, they have the ability to infiltrate legitimate supply chains, legal markets, and even mainstream supermarkets. Their level of professionalism has increased: they are producing higher-quality counterfeit goods”.

## TECHNIQUES FOR DISSEMINATING COUNTERFEIT PRODUCTS IN SUPPLY CHAINS

There are a number of ways in which counterfeiters can integrate their products into traditional commercial channels.

- **The “bulk breaking” technique<sup>14</sup>:** one of the most widely used strategies is based on the fragmentation of the logistics chain, making it difficult to trace the origin of goods. This method involves transiting counterfeit products through several countries before they reach their final destination, usually in Europe or the United States. By increasing the number of customs stops, counterfeiters make it harder to detect and identify illicit goods flows.
- **Mixing with genuine products:** counterfeiters also mix genuine and fraudulent goods within the same consignment, thereby reducing the risk of interception during customs checks. This technique is widely documented by OECD and EUIPO surveys<sup>15</sup> on maritime transport by containers, highlighting the role of ports and free trade zones as prime transit points for counterfeit goods. As these reports indicate, certain types of counterfeit products are more commonly found in seized

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14 [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/Misuse\\_of\\_Containerised\\_Maritime\\_Shipping/Misuse\\_of\\_Containerised\\_Maritime\\_Shipping\\_en.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/Misuse_of_Containerised_Maritime_Shipping/Misuse_of_Containerised_Maritime_Shipping_en.pdf)

15 [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/Misuse\\_of\\_Containerised\\_Maritime\\_Shipping/Misuse\\_of\\_Containerised\\_Maritime\\_Shipping\\_en.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/Misuse_of_Containerised_Maritime_Shipping/Misuse_of_Containerised_Maritime_Shipping_en.pdf)



transport containers. Between 2014 and 2016, for example, 82% of the total value of counterfeit perfumes and cosmetics seized was found in shipping containers, as was 81% of the value of counterfeit footwear and almost three-quarters (73%) of counterfeit food, toys and games<sup>16</sup>.

- **Integration into sales channels facing shortages:** counterfeiters also take advantage of the increased demand for certain products to infiltrate legitimate supply chains. Wholesalers, sometimes in search of stocks available quickly and at competitive prices may be led to buy products whose quality is visually identical to the originals, without being able to immediately check their authenticity. As some experts explain, counterfeiters are likely to claim that their products come from a cancelled order or surplus stock, taking advantage of peaks in demand for certain goods in order to sell their counterfeits to wholesalers, and through them to end consumers. This tactic can be used to introduce into the supply chain all types of products, from everyday consumer goods to aeronautical components, with serious implications for consumer health and safety.

Recent cases illustrate the ability of counterfeit products to penetrate legal trade channels on a large scale.

- **Counterfeit contact lenses in the United States<sup>17</sup>:** in October 2019, Homeland Security Investigations (HSI) agents seized more than 300 counterfeit contact lenses from shops in West Texas. This case illustrates the increased risk to consumers, particularly when it comes to medical or paramedical products requiring strict compliance with health standards.
- **Fake electronics in Hong Kong<sup>18</sup>:** in January 2024, Hong Kong customs seized the equivalent of 10 million Hong Kong dollars (around €1.18 million) worth of counterfeit electronic products, including smartphones and accessories. These goods were destined to be marketed via legal distribution channels, demonstrating the traffickers' ability to introduce counter-measures into the official market for technological goods.

The phenomenon of infiltration is not limited to material goods but also concerns the audiovisual piracy industry. According to a representative of the Motion Picture Association (MPA), an American inter-professional association that works to protect the intellectual property of the film and television industry, "criminals rely on a continuum of legitimization: they start with an illicit service that attempts to tie itself to legitimate brands such as Mastercard, Visa, PayPal, and eventually they move on to registering their own trademarks in order to build up a façade of legitimacy for themselves". This strategy enables these piracy platforms to attract more users and minimise the risk of prosecution.

16 [https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/Misuse\\_of\\_Containerised\\_Maritime\\_Shipping/Misuse\\_of\\_Containerised\\_Maritime\\_Shipping\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/Misuse_of_Containerised_Maritime_Shipping/Misuse_of_Containerised_Maritime_Shipping_en.pdf)

17 <https://www.aoa.org/news/advocacy/patient-protection/homeland-security-agents-bust-counterfeit-contact-lens-dealers?sso=y>

18 <https://www.customs.gov.hk/en/customs-announcement/press-release/index.html?p=33&y=&m=>

## 1.2 Counterfeiting: a low-risk offence

**Counterfeiting carries a low legal risk, making it more attractive to criminal networks compared to other forms of crime.**

As Corinne Cléostrate, Deputy Director of Legal Affairs and Anti-Fraud at French Customs, points out, “we hope that the courts, as with tobacco, will come to see counterfeiting for what it really is: organised criminal trafficking. And to deal with them effectively, we need to hit them in the pocketbook. Confiscating assets, money and property. That’s what makes them run like a real business... but a totally illegal business.”

### Penalties are rare and considered inadequate

The fight against counterfeiting suffers from a repressive framework that is often deemed insufficiently dissuasive. As Jessica Matoua-David, President of French company Fargo Consulting, which supports companies in their strategy to combat illicit trade, points out, **“offenders know that sentences are too often short and poorly enforced when it comes to counterfeiting offences”**.

According to Myriam Quemener, Honorary Advocate General at the Paris Court of Appeal and Doctor of Law, **“it is urgent that the fight against counterfeiting which feeds organised crime is the subject of a genuine and reaffirmed criminal policy”**.

### THE LEGAL FRAMEWORK FOR SANCTIONS IN FRANCE

In France, the way counterfeiting is punished varies according to the role of the individuals involved:

- **A consumer**<sup>19</sup>, who purchases a counterfeit product, is liable to a customs fine equivalent to 1 to 2 times the value of the goods involved in the fraud, plus confiscation of the goods involved in line with article 414 of the Customs Code.
- **A fence**, i.e. someone who knowingly holds, sells or distributes counterfeit products, is liable to a penalty of up to **5 years’ imprisonment and a fine of €375,000**<sup>20</sup>.
- **The counterfeiter** is subject to a specific criminal law framework depending on the nature of the offence:
  - + Under **Article L.716-10 of the French Intellectual Property Code**, they are liable to up to **3 years’ imprisonment and a fine of €300,000**<sup>21</sup>.
  - + When aggravating circumstances are established, such as an offence committed by an organised gang, the use of the Internet for sales or harm to public health and safety, the penalties can reach **7 years’ imprisonment and a fine of €750,000**<sup>22</sup>.

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19 Article 414 of the French Customs Code:

[https://www.legifrance.gouv.fr/codes/section\\_lc/LEGITEXT000006071570/LEGISCTA000006138934/](https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000006071570/LEGISCTA000006138934/)

20 Article 321-1 of the French Criminal Code: [https://www.legifrance.gouv.fr/codes/article\\_lc/LEGIARTI000006418234](https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000006418234)

21 [https://www.legifrance.gouv.fr/codes/article\\_lc/LEGIARTI000039381771](https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000039381771)

22 [https://www.legifrance.gouv.fr/codes/article\\_lc/LEGIARTI000039381771](https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000039381771)

In addition to the main penalties, additional penalties may be handed down, such as:

- **Total or partial closure of the establishment** used to commit the offense<sup>23</sup>.
- **Confiscation of illegal products and equipment used** to produce counterfeit goods<sup>24</sup>.
- **Posting or publishing the judgement** to increase the deterrent effect of the penalty handed down<sup>25</sup>.
- **In the case of legal entities**, the fine may be 5 times higher than the fine incurred by an individual.

## EXEMPLARY BUT ISOLATED SENTENCES

In the leather goods sector, in February 2021, 23 individuals, including 9 former employees of a French company, were sentenced in Paris for their involvement in a network for the manufacture and sale of counterfeit bags. The sentences handed down ranged up to 6 years' imprisonment and a fine of €1.5 million<sup>26</sup>.

Across the Channel in the UK, 2 brothers were given suspended prison sentences of 16 and 14 months in February 2024 after a police raid uncovered £827,000 (around €985,700) worth of counterfeit goods major items, especially photograph frames, blankets and rugs, in their boutique in Manchester, England<sup>27</sup>.

## A LACK OF DETERRENCE IN THE FACE OF EXPANDING COUNTERFEITING

Although certain high-profile cases result in severe penalties, most convictions remain relatively moderate, often limited to administrative sanctions such as the confiscation of illicit goods, without criminal prosecution or significant fines.

Furthermore, the judicial treatment of counterfeiting is still largely restricted to intellectual property, to the detriment of a broader judicial approach.

As Didier Douilly, former cyber-crime law enforcement officer and Chief Business Officer of French company Webdrone, explains, **“judges often play down the countermeasures by limiting them to the Intellectual Property Code. The challenge is to raise awareness of the fact that this is a real offence that benefits organised crime. In this sense, most of the time it can be traced back to the Criminal Code, with offences such as illegal employment or money laundering”**.

23 Article 335-5 of the French Intellectual Property Code: [https://www.legifrance.gouv.fr/codes/article\\_lc/LEGIARTI000006279187](https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000006279187)

24 Article 335-6 of the French Intellectual Property Code: [https://www.legifrance.gouv.fr/codes/article\\_lc/LEGIARTI000006279193](https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000006279193)

25 Article 335-6 of the French Intellectual Property Code: [https://www.legifrance.gouv.fr/codes/article\\_lc/LEGIARTI000006279193](https://www.legifrance.gouv.fr/codes/article_lc/LEGIARTI000006279193)

26 [https://www.lemonde.fr/societe/article/2021/02/24/vingt-trois-membres-d-un-reseau-de-contrefacon-de-sac-hermes-condamnes-a-des-peines-allant-jusqu-a-six-ans-de-prison\\_6071096\\_3224.html](https://www.lemonde.fr/societe/article/2021/02/24/vingt-trois-membres-d-un-reseau-de-contrefacon-de-sac-hermes-condamnes-a-des-peines-allant-jusqu-a-six-ans-de-prison_6071096_3224.html)

27 [https://www.cityoflondon.police.uk/news/city-of-london/news/2024/january/brothers-sentenced-after-800000-of-counterfeit-homeware-found-in-manchester-shop/?\\_cf\\_chl\\_tk=dWiloZeh7QzrlNCCkAIfzMDsr5doQ4qQbZD5wALi3rU-1747821850-1.0.1.1-4rRQMF2ukKiYt-gwQCn5CDs40RX4s0uu6fwkfz09.qcQ](https://www.cityoflondon.police.uk/news/city-of-london/news/2024/january/brothers-sentenced-after-800000-of-counterfeit-homeware-found-in-manchester-shop/?_cf_chl_tk=dWiloZeh7QzrlNCCkAIfzMDsr5doQ4qQbZD5wALi3rU-1747821850-1.0.1.1-4rRQMF2ukKiYt-gwQCn5CDs40RX4s0uu6fwkfz09.qcQ)

## A LACK OF HARMONISATION OF PENALTIES AT THE EUROPEAN LEVEL

Within the European Union, the lack of harmonization of criminal sanctions for counterfeiting leads to significant disparities in enforcement from one Member State to another.

In 2023, the Court of Justice of the European Union (CJEU) ruled that a minimum sentence of 5 years' imprisonment for trademark infringement was contrary to EU law, on the grounds that it did not respect the principle of proportionality<sup>28</sup>.

It specified that **the Member States remain competent to set the penalties applicable**, while ensuring that they remain appropriate and proportionate to the seriousness of the infringements.

This decision highlights the **divergent approaches to law enforcement** in the European Union and limits the possibility of strict harmonisation of penalties. As a result, differences in legislation between Member States can be exploited by criminal networks, which prefer jurisdictions with more lenient penalties to establish their logistical bases.

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28 Judgement C-655/21 of 19 October 2023, Court of Justice of the European Union (CJEU) <https://curia.europa.eu/juris/document/document.jsf?text=&docid=278792&pageIndex=0&doclang=fr&mode=req&dir=&occ=-first&part=1&cid=195017>



## Investigations pushed back and inadequate resources

Law enforcement as regards counterfeiting suffers from a **lack of resources and appropriate investigative tools**, limiting the effectiveness of investigations and the ability of the authorities to dismantle the criminal networks involved. **Compared with other organised crime offences, counterfeiting investigations do not benefit from the same resources or the same special investigative techniques, which is a major obstacle for the investigators and law enforcement involved in the fight against this phenomenon.**

According to the Central Office for the Suppression of Counterfeiting (OCRFM), a part of the French National Criminal Investigation Department (DNPJ), “Investigations into industrial counterfeiting do not have the same resources as those into organised crime under the Criminal Code and the Code of Criminal Procedure. In practical terms, they cannot use all the special investigative techniques and special measures that are provided to them for other types of traffic. These techniques are essential for dismantling organised crime networks.”

## CUSTOMS SUPERVISION SLOWED BY THE EXPLOSION IN TRADE FLOWS

The exponential increase in the global volume of packages and containers is complicating the control of goods and limiting the ability to detect counterfeit products. A joint study by the OECD and the EUIPO published in 2017 highlights that “like the trade in legal goods, counterfeit products take complex routes, but this complexity is exploited to evade customs inspections<sup>29</sup>.”

Although seizures of counterfeit goods have risen sharply in France, their actual proportion of the illicit trade remains largely underestimated. According to the EUIPO in December 2018, 63% of all seizures by customs authorities in the European Union of counterfeit and pirated products involve small package shipments, which complicates customs’ detection and inspection capabilities<sup>30</sup>.

## A PERSISTENT PRESENCE ON PHYSICAL MARKETS

Alongside online trade, counterfeiting is still rife in physical markets, where the authorities are struggling to curb the phenomenon in the long term.

In April 2024, an operation carried out at the Saint-Ouen flea market on the outskirts of Paris led to 11 shops being sealed as the result of a lengthy investigation. According to Claire Laclau, the French police commissioner in Saint-Ouen, “these are in-depth investigations to trace the network and identify those responsible and the owners of the goods. We can contain trafficking, but we can’t eradicate it<sup>31</sup>. The authorities are witnessing a rapid rebuilding of stocks: “You could empty an entire shop and the next day it would be busy again”.

## A LOW PRIORITY FOR THE COURTS AND INVESTIGATORS

Despite its economic and criminal scale, counterfeiting accounts for a relatively small proportion of court cases in France. There are around **2,000 cases a year**, with only **680 convictions in 2022 for trademark infringements<sup>32</sup>**.

29 [https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/06/mapping-the-real-routes-of-trade-in-fake-goods\\_g1g7c-def/9789264278349-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/06/mapping-the-real-routes-of-trade-in-fake-goods_g1g7c-def/9789264278349-en.pdf)

30 [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/Trade\\_in\\_fakes\\_in\\_small\\_parcels/press\\_release\\_fr.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/Trade_in_fakes_in_small_parcels/press_release_fr.pdf)

31 <https://fr.fashionnetwork.com/news/Avant-les-jo-la-bataille-pour-debarrasser-les-puces-de-saint-ouen-de-la-contrefaon.1586503.html>

32 <https://www.assemblee-nationale.fr/dyn/media/16/organes/delegations-offices-cec/cec/pdf/4-pages-suivi-contrefacon>

In their November 2023 parliamentary report on the evaluation of public policies to combat counterfeiting, French MPs Christophe Blanchet, who is also Chairman of the National Anti-Counterfeiting Committee (CNAC), and Kévin Mauvieux highlight the limits of the resources allocated to investigations: “The Financial Investigation Service, which is responsible for organised crime offences, suffers from a glaring lack of specialist investigators<sup>33</sup>”.

At the European level, counterfeiting remains underestimated as a criminal threat, which limits coordination efforts between Member States. The joint EUIPO and Europol annual report for 2019 points out that “counterfeiting is often perceived as a victimless crime, and in many European countries intellectual property fraud is not high on the agenda of the judicial authorities<sup>34</sup>”.

This neglect has led to a reduction in the number of investigations and operations carried out at the European level. Indeed, counterfeiting has been excluded from the priorities of the European Union EMPACT’s (European Multidisciplinary Platform Against Criminal Threats) policy cycle on serious and organised crime for the period 2017-2021, a decision that has probably slowed down efforts to combat this phenomenon and reduced the investigative resources devoted to it.

Since then, the fight against counterfeiting has been reconsidered as a strategic priority within the EMPACT cycle. The latter is a European Union initiative aimed at strengthening the fight against organised crime and cross-border criminal threats within the Member States. It is based on a coordinated, multidisciplinary approach involving law enforcement, intelligence agencies, judicial institutions and other partners.

## AN URGENT NEED FOR MORE PUBLIC-PRIVATE COOPERATION

Given these structural limitations, cooperation and the exchange of information between the public and private sectors are vital in the fight against counterfeiting and must be fluid. Companies have the data and expertise to help identify illicit flows and dismantle counterfeiting networks.

Operation Vulcan, officially launched in Manchester, England, in autumn 2022, illustrates the positive impact of successful cooperation between the authorities and the private sector in the fight against counterfeiting and other related crimes. Focusing on the Cheetham Hill area of Manchester, infamous as the “counterfeiting capital of Europe”, Greater Manchester Police (GMP) has launched a major “clean-up, maintain and rebuild” operation to eliminate counterfeiters and other criminal activities financed by counterfeit goods<sup>35</sup>.

Two years on, Operation Vulcan has resulted in the seizure of almost 1,050 tonnes of counterfeit goods, including a seizure of 580 tonnes, considered to be one of the largest ever, as well as the closure of 216 counterfeit shops. Operation Vulcan also resulted in the seizure of over £500,000 in cash, 2.4 million doses of illegal drugs and 400,000 illegal electronic cigarettes.

According to Phil Lewis, Director-General of the UK’s Anti-Counterfeiting Group (ACG): “operation Vulcan represents the gold standard of the type of co-ordination we operate between the authorities and rights holders. We were able to escalate the situation by demonstrating to heads of service, members of Parliament, and city leaders the impact that counterfeiting and its associated criminality was having on the reputation of Strangeways and in the UK more broadly. The private sector also provided fast track product authentication and support for the transportation, storage, and destruction of the counterfeit goods seized during the operation, and the police have implemented a decisive ‘clear, hold,

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33 [https://www.assemblee-nationale.fr/dyn/16/rapports/cec/116b1846\\_rapport-information.pdf](https://www.assemblee-nationale.fr/dyn/16/rapports/cec/116b1846_rapport-information.pdf)

34 [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2019\\_IP\\_Crime\\_Threat\\_Assessment\\_Report/2019\\_IP\\_Crime\\_Threat\\_Assessment\\_Report.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2019_IP_Crime_Threat_Assessment_Report/2019_IP_Crime_Threat_Assessment_Report.pdf)

35 <https://www.gmp.police.uk/news/greater-manchester/news/news/2024/october/looking-back-on-two-years-of-operation-vulcan--the-greater-manchester-police-initiative-that-shut-down-counterfeit-street/>



build' strategy to make sure criminal actors do not return. The authorities, for their part, have stepped in to help regenerate the area both structurally and culturally."

According to ACG, the sharing of information between public and private actors is at the heart of the fight against counterfeiting: "No single authority or country is ever going to be able to defeat transnational organised crime on its own. Intelligence allows us to inform policymakers, train enforcement teams, and present compelling narratives to the public.

Without cohesive exchanges of intelligence between rights holders and authorities, however, we will be on the back foot in trying to identify new trends or how the modus operandi of transnational organised criminal counterfeiters is changing."

David Caunter, Director of Organised and Emerging Crime at INTERPOL, likewise insists on the need for cooperation: "Intellectual property crime is a global threat driven by transnational organised crime networks and often intertwined with other serious offenses. Combating it requires strong international cooperation across law enforcement and private industry, leveraging INTERPOL capabilities to share intelligence and coordinate joint operations."

Similarly, OLAF stresses that "to be even more effective, customs controls heavily rely on the quality of intelligence. The more precise the information, the better they can target shipments. Rights holders play a key role in this process, as they have in-depth knowledge of their markets and can quickly identify suspicious trends. A strong partnership between customs authorities, OLAF and rights holders is crucial for the effective detection of counterfeit goods."

## An offence underestimated by consumers and decision makers

Counterfeiting is still largely underestimated, both by consumers and by public decision makers, which limits the effectiveness of anti-counterfeiting policies. An erroneous perception of the harmless nature of counterfeiting encourages it to become commonplace and contributes to its growth, particularly in an economic context where the price of genuine products is perceived as a disincentive to purchase.

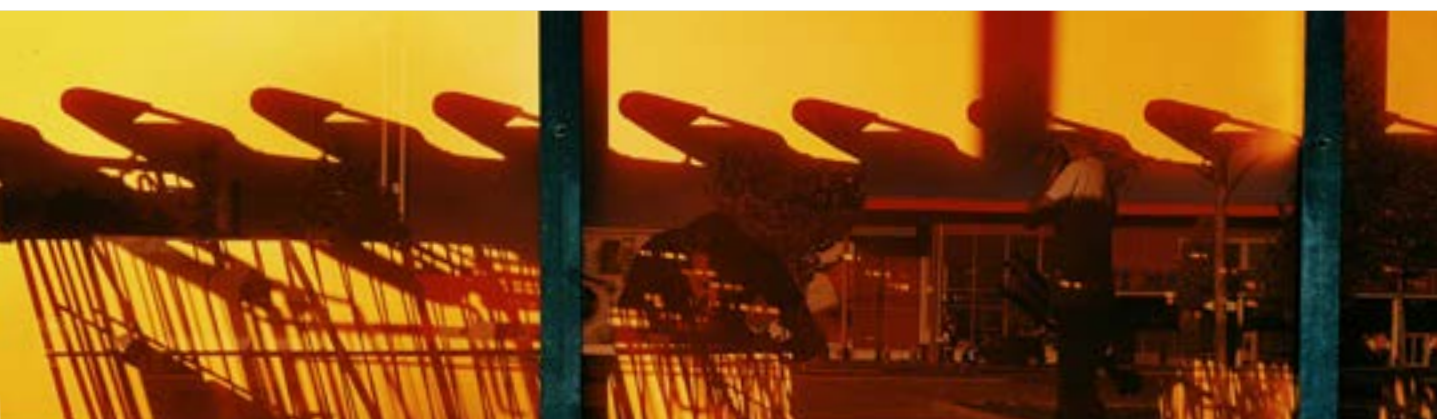
### CONSUMER TOLERANCE THAT ENCOURAGES DEMAND

According to the survey on the perception of intellectual property published by the EUIPO in June 2023<sup>36</sup>, **one third of Europeans consider it acceptable to buy counterfeit goods if the price of genuine goods is deemed excessive.**

**This proportion is even higher among young consumers, reaching almost 50%.** The study also analyses the proportion of people who say they have bought counterfeit goods, either intentionally or by mistake, revealing a lack of awareness of the risks and negative impacts of these practices.

According to the study by IFOP (a French opinion polling institute) commissioned by Unifab and the French National Institute of Intellectual Property (INPI), and published in December 2023, 40% of French consumers have already bought counterfeit products, up 3% since 2018. The categories most affected are clothing (19%), perfumes (17%), leather goods (16%) and sports goods (15%). Another alarming figure : 34% of consumers say they have

36 <https://www.euipo.europa.eu/fr/publications/ip-perception-study-2023>



bought a counterfeit product thinking it was genuine. This figure rises to 37% among 15-18 year olds.

Although the majority of counterfeit goods seem to be bought in markets or from street vendors, 40% of French people think that counterfeit goods can be bought on social networks. This figure rises to 43% for 15-18 year-olds, showing an increase of 19% in 5 years.

Some 23% of this age group has already bought counterfeit goods on online sales platforms and 48% consider that there is no difference between a fake product and a genuine one, a figure 9% lower than in the previous survey<sup>37</sup>.

Many consumers are unaware of the dangers associated with counterfeit products, particularly in terms of safety and public health<sup>38</sup>.

Furthermore, they don't fully appreciate the economic consequences of their actions, while the purchase of counterfeit goods feeds criminal networks and undermines legitimate businesses, with direct repercussions on employment and economic growth<sup>39</sup>. As Jessica Matoua-David, President of French company Fargo Consulting, points out, "consumers are hardly aware that buying counterfeit goods is illegal. The ease with which you can buy or sell on Chinese platforms contributes to this feeling".

## INSUFFICIENT AWARENESS ON THE PART OF PUBLIC AUTHORITIES

Beyond consumers, counterfeiting is also downplayed by some decision makers, who tend to regard it as an **economic offence with no direct victims**. This perception reduces the reactivity of public authorities and limits the adoption of effective coercive measures.

The example of the United Kingdom illustrates this lack of legislative deterrence. As Emma Warbey, Chief Inspector and Head of the Intellectual Property Crime Unit of the City of London Police explains, "in the United Kingdom, purchasing counterfeit products is not a criminal offense, which makes it more difficult to dissuade consumers. The cost-of-living crisis has worsened the phenomenon, particularly when it comes to sneakers and football jerseys".

However, in the run-up to the Euro 2024 semi-finals in August 2024, the UK authorities stepped up their anti-counterfeiting operations, in particular **through a joint operation by London's Police Intellectual Property Crime Unit (PIPCU), Customs and the Intellectual Property Office (IPO). This action led to the arrest of 8 people and the seizure of fake football shirts with an estimated value of over £450,000 (€536,450)**<sup>40</sup>.

According to Emma Warbey, "counterfeiting is a lucrative business, with criminals relying on the demand for cheap goods, alongside low production and distribution costs, to fund other illegal ventures. We're sending a clear message that the links between counterfeiting and other crime, alongside the low quality of counterfeit products, can never amount to a good deal".

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37 <https://www.unifab.com/etude-la-contrefacon-percue-par-les-consommateurs-nouvelle-edition/>

38 <https://www.euipo.europa.eu/fr/publications/ip-perception-study-2023>

39 [https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/misuse-e-commerce-trade-in-counterfeits/EUIPO\\_OECD\\_misuse-e-commerce-trade-in-counterfeits\\_study\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/misuse-e-commerce-trade-in-counterfeits/EUIPO_OECD_misuse-e-commerce-trade-in-counterfeits_study_en.pdf)

40 <https://www.cityoflondon.police.uk/news/city-of-london/news/2024/january/brothers-sentenced-after-800000-of-counterfeit-homeware-found-in-manchester-shop/>

## A LACK OF PRIORITISATION IN GOVERNMENT ACTION

Despite the scale of the phenomenon and its proven economic and criminal consequences, Piotr Stryszowski, Head of Unit in charge of the OECD's Working Party on Combating Illicit Trade, points out that "counterfeiting is not a major priority for governments, as it is seen as small-scale economic crime. Additionally, responsibility for combatting it is spread across multiple agencies that have other, more pressing priorities. Counterfeiting is never at the top of the list of priorities".

As some experts and stakeholders in the fight against counterfeiting have pointed out, the lack of a coordinated government strategy limits the introduction of genuinely dissuasive penalties and hampers the implementation of public policies tailored to the reality of the phenomenon.

In France, the creation of an interministerial delegate for the promotion and defence of intellectual property has been suggested many times by Unifab and CNAC to successive governments, always unsuccessfully.

## RAISING AWARENESS AMONG CONSUMERS AND DECISION MAKERS

In order to reduce the demand for counterfeit goods and mobilise the public authorities, greater awareness is essential. As Olivier Richardot, Head of Security and Safety for LVMH explains, "distributing counterfeit goods is not the same as democratising access to luxury goods, because by definition they are not luxury goods. **Buying counterfeit goods is both committing an offence in its own right and becoming an accomplice to the organised criminal networks that run these fraudulent markets."**

Similarly, OLAF stresses the need to change the perception of the public and decision makers: "Consumers and lawmakers must realize that counterfeiting is not a victimless crime. Many people think that buying a counterfeit product simply means getting it at a lower price, without considering where the money goes or the criminal actors which are involved".





02

**Character-  
istics of  
the criminal  
movements**  
involved in  
counterfeiting

## 2.1 Opportunistic criminal groups

**Counterfeiting is a particularly attractive sector for criminal organisations because of its high profitability, relatively low legal risks and easy access to the raw materials needed to produce counterfeit goods.**

According to Corinne Cléostrate, Deputy Director of Legal Affairs and Anti-Fraud at French Customs: “as with tobacco and drugs, we see the same modus operandi: hiding places in vehicles, refusal to comply, convoys... and the same violence that surrounds these trafficking operations. That’s why weapons are also found in seizures - sometimes even ready for use. Some sources point to the presence of Chinese triads, or even European mafias, behind these networks. And what we’re seeing are organisations that are increasingly structured, financially powerful and dangerous.”

As the Head of Illicit Trade Prevention for Philip Morris France SAS (PMI) also points out: “the modus operandi for cigarette counterfeiting is the same as for drugs. The criminal networks rely on clandestine factories, wholesalers, sub-wholesalers, as well as nannies and an illegal distribution network ranging from street vendors to social networks and night shops. Behind these groups are mafias, mainly from Eastern Europe, supported by local criminal groups.”

Similarly, in the field of pharmaceuticals, Wilfrid Rogé, head of global anti-counterfeiting at Servier, points out that “when it comes to counterfeit drugs, we are almost always dealing with an organised criminal group in the broadest sense, in other words, there is always a manufacturer, a supplier, a seller, a distributor and someone who does the packaging.”

### Diversification of activities and involvement of polycriminal networks

The EU-SOCTA 2025 report highlights that organised crime remains a major threat to European society, disrupting political and economic systems. The evolution of crime is increasingly driven by emerging technologies, such as artificial intelligence, digital tools, and complex financial practices like money laundering. Criminals use the internet to expand their operations, conceal their activities, and recruit vulnerable individuals - particularly young people - through social media. The report also underscores intellectual property offences, notably product counterfeiting, which is closely linked to organised crime on a global scale<sup>41</sup>.

A particularly revealing example of this transformation is the “BogusBazaar<sup>42</sup>” network, which was uncovered in 2024<sup>43</sup> and mainly operates from China. This network has established a digital counterfeiting system based on the automated creation of more than 75,000 fraudulent e-commerce websites targeting European and North American consumers. These platforms, which are translated into several European languages, impersonate the visual identity of major international brands to attract consumers. The criminal model combines two approaches: the direct sale of counterfeit products and the theft of banking data through fake payment forms, often without delivering any product in return. Recently-published investigative reporting has found this system has defrauded over 800,000 consumers and collected nearly 50 million euros in revenue. This form of organised cybercrime demonstrates how criminal networks are now exploiting the digital environment to industrialize counterfeiting and diversify their sources of income.

41 <https://www.europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf>

42 <https://www.srlabs.de/blog-post/bogusbazaar>

43 <https://www.theguardian.com/money/article/2024/may/08/chinese-network-behind-one-of-worlds-largest-online-scams>

Counterfeiting is part of a criminal model based on the diversification of activities. Unlike activities such as drug or arms trafficking, which require a complex infrastructure and a supply of illegal raw materials, counterfeiting relies on legally accessible materials. What's more, the low cost of production and high margins on resale enable criminals to absorb losses in the event of seizure without compromising the viability of their business.

Reports from the United Nations Office on Drugs and Crime (UNODC) have highlighted the operational links between counterfeiting and other forms of crime, including drug trafficking, human trafficking and money laundering. **UNODC points out that “groups such as the Camorra in Europe and the Americas or the Triads and Yakuza in Asia have diversified their involvement in the trafficking of counterfeit goods while also being involved in other crimes ranging from drug trafficking and human trafficking to extortion and money laundering”.**

- **The Camorra (Italy):** involved in the **manufacture and distribution of counterfeit goods, including luxury goods, clothing and medicines**, it controls a large part of the illegal trade through the port of Naples. According to a 2021 Italian government report, counterfeiting is **the Camorra's second largest source of income after drug trafficking**<sup>44</sup>.
- **Chinese triads:** based in Hong Kong, triads such as 14K and Sun Yee On are active in the global smuggling of electronics, luxury goods, tobacco and sports shoes<sup>45</sup>. In May 2023, a criminal network affiliated with the Triads was dismantled in Thailand for

selling nearly \$300,000 worth of fake gold bars to wealthy investors.

- **D-Company (India):** founded by Dawood Ibrahim, this organisation is involved in counterfeiting, audiovisual piracy and the financing of terrorism. It controls a major part of the black market for films and DVDs in India, particularly in Mumbai. According to India's National Investigation Agency (NIA)<sup>46</sup>, D-Company also plays a central role in the production and distribution of counterfeit currency, particularly 2,000-rupee notes.
- **Hezbollah:** according to several international surveys, Hezbollah is involved in the counterfeiting of electrical goods and luxury goods<sup>47</sup>. In the triple frontier region (Brazil-Paraguay-Argentina), Hezbollah-affiliated clans, such as the Barakat clan, use counterfeiting and digital piracy as sources of funding<sup>48</sup>.

The case of **counterfeit Captagon trafficking in Syria** highlights the close ties between counterfeiting and organised crime. It illustrates how, in certain contexts, states can play a central role in structuring, industrialising, and profiting from such activities - often in collaboration with criminal or terrorist organisations.

According to several reports, **the former Syrian regime had become a major centre for the production of falsified tablets containing amphetamines instead of the original active ingredients**. During the civil war that broke out in Syria from 2011 onwards, Bashar al-Assad's regime industrialised trafficking in fake Captagon

44 [https://www.interno.gov.it/sites/default/files/2021-05/report\\_5\\_criminalita\\_organizzata\\_nelleconomia\\_maggio\\_2021.pdf](https://www.interno.gov.it/sites/default/files/2021-05/report_5_criminalita_organizzata_nelleconomia_maggio_2021.pdf)

45 [https://www.lemonde.fr/culture/article/2023/12/26/triades-la-mafia-chinoise-a-la-conquete-du-monde-sur-arte-tv-une-plongee-dans-les-societes-secretes-du-crime-du-parrain-a-la-petite-frappe\\_6207815\\_3246.html](https://www.lemonde.fr/culture/article/2023/12/26/triades-la-mafia-chinoise-a-la-conquete-du-monde-sur-arte-tv-une-plongee-dans-les-societes-secretes-du-crime-du-parrain-a-la-petite-frappe_6207815_3246.html); Triads: From street level to transnational crime, Peter Michael (Institut de recherche sur l'Asie du Sud-Est contemporaine) (2007)

46 <https://www.indiatoday.in/india/story/mumbai-nia-raids-6-locations-in-2021-fake-currency-case-points-at-d-company-role-2377806-2023-05-11>

47 <https://www.inss.org.il/strategic-assessment/hezbollah-and-the-counterfeit-goods-industry/>

48 [https://www.lemonde.fr/ guerre-au-proche-orient/article/2024/10/19/rashmi-singh-specialiste-du-crime-organise-au-c-ur-de-l-amerique-latine-les-activites-illicites-et-la-corruption-generalisee-participent-au-financement-du-hezbollah\\_6355651\\_6325529.html](https://www.lemonde.fr/ guerre-au-proche-orient/article/2024/10/19/rashmi-singh-specialiste-du-crime-organise-au-c-ur-de-l-amerique-latine-les-activites-illicites-et-la-corruption-generalisee-participent-au-financement-du-hezbollah_6355651_6325529.html)



in order to finance the Syrian state under international sanctions, with profits estimated at \$2.4 billion for the al-Assad family alone.

In Lebanon, Hezbollah already had a historic Captagon production line predating the Syrian civil war. A series of major investigative reports<sup>49</sup> have revealed how, with technological and logistical support from Iran after 2006, the group industrialised this trade. These fake pills, bearing the Captagon logo but lacking its original active ingredient, were produced in clandestine facilities, generating billions in revenue shared with the Syrian regime. In December 2024, after the regime's fall, major Captagon manufacturing plants were discovered along the Syrian-Lebanese border. These sites, controlled by Hezbollah, housed not only Captagon and hashish factories but also facilities producing counterfeit U.S. currency. According to an article in *Asharq Al-Awsat*<sup>50</sup>, these facilities—protected by Hezbollah paramilitary units—were equipped with advanced machinery, including industrial printers capable of replicating holograms and UV inks on \$100 bills. The security chief of Homs, quoted in the report, stated that *“the previous regime and Hezbollah had transformed the region into a smuggling route and hub for the illegal production of drugs, arms trafficking, and counterfeiting.”* These shipments were destined for markets in West Africa, the Gulf states, and Europe, serving as the *“economic lifeline of the network”* amid civil war and international sanctions on the regime.

Meanwhile, from Iran, the Islamic Revolutionary Guard Corps (IRGC)—which is the main backer of both Hezbollah and (until December 2024) the Syrian regime, and which has officially been designated a terrorist organisation by the United States—has established a distribution ecosystem

to circumvent international sanctions as well. At the heart of this strategy lies the falsification of certifications and invoices, used to facilitate the illicit sale of Iranian oil and support allied militias across the Middle East. The Islamic Republic of Iran notably allegedly uses falsified documents, including fake Iraqi, Emirati, and Malaysian papers, to export embargoed oil and gas to Asia, and particularly to China. According to Iraqi authorities and investigative reporting<sup>51</sup>, since 2023, numerous Iranian tankers have been caught using fake Iraqi export documents to conceal the true origin of their shipments—a practice based on sophisticated document fraud networks and shell companies.

North Korea has also made counterfeiting a strategic pillar of its underground economy for the past several decades. According to several intelligence agencies and international organisations, the regime in Pyongyang organises, oversees, and directly benefits from a wide range of illicit activities, including fake pharmaceuticals (including Viagra and antibiotics), the smuggling of counterfeit luxury goods, and trafficking in banned items like ivory and conflict diamonds<sup>52</sup>. These operations are supervised by a special unit of the regime, Bureau 39<sup>53</sup>, which reports directly to the Workers' Party and mobilizes diplomatic, military, and administrative resources.

According to a 2014 report by *The Atlantic*, North Korea mass-produces fake Viagra and other drugs for Asian and Western markets, relying on transnational criminal distribution networks. According to the *Korea Times*<sup>54</sup>, the regime is suspected of collaborating with international criminal organisations such as the Russian mafia, Chinese triads, and Japanese yakuza.

49 <https://www.lemonde.fr/blog/realitesbiomedicales/2024/12/16/le-captagon-cette-drogue-illicite-qui-a-transforme-la-syrie-en-narco-etat/>

50 <https://english.aawsat.com/features/5111705-hezbollah%E2%80%99s-legacy-syria-drug-labs-counterfeit-money-factories>

51 <https://www.iranintl.com/en/202503269123>

52 <https://www.numismaticnews.net/world-coins/counterfeit-money-still-abounds>

53 <https://www.cbc.ca/news/world/north-korea-criminal-empire-drugs-trafficking-1.4435265>

54 <https://www.koreatimes.co.kr/foreignaffairs/northkorea/20160627/n-korea-selling-counterfeit-money-to-terrorists>

**As French Senator Nathalie Goulet explains, the opacity of money laundering circuits and the porous nature of the various criminal groups involved in trafficking in the broadest sense mean that funds can feed terrorist networks.** Al-Qaeda

documents “advise militants to trade in counterfeit goods [...] to finance terrorist operations”. She also points out that “counterfeiting is the weakest link in the chain of organised crime and the financing of terrorism. Faced with an inadequate criminal justice response, buying counterfeit products means funding these groups and encouraging fraud. Without buyers, there are no sellers<sup>55</sup>”.

## **A structured organisation based on a criminalised supply chain**

Counterfeiting is based on a hierarchical and organised structure, involving several levels of actors specialising in different stages of the illicit supply chain. According to OCRFM, “counterfeiting is a fairly structured business, with an import system that is in the hands of highly organised criminal groups. Then there are wholesalers and semi-wholesalers, who act as intermediaries between importers and distribution networks of varying sizes. Sometimes it can be a very small network, or even a single individual setting up in business. Thanks to social networks, anyone can now become a counterfeit goods entrepreneur”.

**In fact, the criminal organisations involved in counterfeiting exploit the same logistical infrastructures as those used for drug trafficking or human trafficking<sup>56</sup>.**

- In 2016, the **global Container Control Program in West Africa** led to the seizure of 140 kg of cocaine and more than 33 tonnes of falsified medicines, including 10.32 tonnes of Tramadol in the port of Lomé (Togo)<sup>57</sup>.
- **The ports of Rotterdam, Antwerp and Hamburg are preferred entry points for counterfeiters, benefiting from high traffic volumes that make customs controls complex.**
- According to **Europol (2023)**, “**international criminal networks rely on trusted individuals to corrupt port staff and organise the movement of goods.** And if they can’t set up the port infiltration themselves, they call on intermediaries who offer their services”. “Flexible criminal networks are [also] constantly looking for security loopholes, adapting their modus operandi or moving from one port to another in search of more favourable conditions for their operations<sup>58</sup>.”

As Nathalie Le Rousseau-Martin, a French criminal lawyer and associate research fellow and co-director of the Observatory of International Criminalities (ObsCI) at the Institute for International and Strategic Affairs (IRIS), points out, “there is now a confirmed trend towards Crime as a Service (CaaS), which encourages cooperation between criminal organisations. Some delegate activities to other groups or to specialist criminal service providers, such as money laundering or document fraud, thereby acting as crime facilitators”. This approach allows greater flexibility and better resistance to the authorities’ efforts to crack down.

55 <https://www.lesechos.fr/industrie-services/mode-luxe/les-pouvoirs-publics-tentent-denrayer-le-rebond-des-contrefacons-1782938>

56 [https://www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit\\_focussheet\\_FR\\_HIRES.pdf](https://www.unodc.org/documents/counterfeit/FocusSheet/Counterfeit_focussheet_FR_HIRES.pdf)

57 <https://documents.un.org/doc/undoc/gen/v17/061/44/pdf/v1706144.pdf>

58 [https://www.europol.europa.eu/cms/sites/default/files/documents/Europol\\_Joint-report\\_Criminal%20networks%20in%20EU%20ports\\_Public\\_version.pdf](https://www.europol.europa.eu/cms/sites/default/files/documents/Europol_Joint-report_Criminal%20networks%20in%20EU%20ports_Public_version.pdf)

This trend is also affecting the audiovisual piracy sector, where thousands of resellers operate illegal services designed by specialist actors. According to the Motion Picture Association (MPA), “today, one doesn’t need in-depth knowledge of how to set up and run an illegal service; there are readily available services that will do that for you. We refer to this as Piracy as a Service, which is a term coined about 4-5 years ago after we discovered more and more tools that allowed people to create piracy services with near to zero effort at a low cost. These tools include templates with good SEO and placeholders for content, making it easier than ever to set up illegal services”.

According to a study carried out by the French media audience measurement company Médiamétrie, the French Association for Combating Audiovisual Piracy (ALPA) and the French National Centre for Cinema (CNC) on the 2023 figures for the audience of illegal video consumption sites on the internet, illegal video consumption in France has continued to fall, with a 58% drop in the number of internet users accessing audiovisual counterfeiting sites since 2017 (from 14.9 million to 6.3 million in 2023), thanks to a strengthening of the legislative framework and the development of attractive legal offers. However, certain trends continue to give cause for concern, in particular the persistence of illegal live streaming by criminals, which continues to account for a significant proportion of illicit consumption, and the growing use of VPNs and other means of circumventing restrictions to access pirated content<sup>59</sup>.

## 2.2 An adaptable and changing organisation

### Partial relocation of production to Europe

Long concentrated in China, Hong Kong and Turkey, counterfeit production is gradually relocating to Europe to evade tighter customs controls. According to Europol, “10 Member States: Italy, France, Romania, Spain, the Netherlands, Bulgaria, Germany, Hungary, Belgium and Greece, accounted for almost 98% of the total number of counterfeit articles seized in 2023 throughout the European Union. In Italy, domestic facilities manufacture pharmaceutical products, tobacco, semi-electronic products and packaging materials”.

According to the Intellectual Property Research Institute at Paris-Panthéon-Assas University in France, several Central and Eastern European countries have become key actors in the production and distribution of counterfeit goods. States such as Poland, the Czech Republic and Hungary have now been identified as centres for the manufacture, distribution and consumption of illegal copies<sup>60</sup>.

According to Olivier Richardot, Head of Security and Safety for LVMH, “**in some countries, there are counterfeit production facilities that misuse specific know-how, without any creativity, in defiance of intellectual property rights**”.

The fake tobacco industry is one of the sectors most affected by this relocation. At present, **counterfeit cigarettes are produced almost exclusively within the European Union (EU)**. In November 2024<sup>61</sup>, a clandestine production plant was dismantled in the Drôme region of southern France, complete with a

59 <https://www.alpa.paris/wp-content/uploads/2024/06/Consommation-illegale-sur-Internet-Bilan-2023-VDEF.pdf>

60 [https://www.irpi.fr/upload/pdf/etudes\\_juri/05\\_IRPI\\_La\\_contrefacon\\_une\\_menace\\_a\\_la\\_hausse.pdf](https://www.irpi.fr/upload/pdf/etudes_juri/05_IRPI_La_contrefacon_une_menace_a_la_hausse.pdf)

61 <https://revuedestabacs.com/blog/france-une-sixieme-usine-clandestine-de-cigarettes-d%C3%A9mantel%C3%A9e/>

full production line. This dismantling follows on from other operations carried out in France, notably in December 2023 with the dismantling of an illegal factory in Toulouse, equipped with production lines capable of manufacturing up to 1,500 cigarettes per minute, or in January 2023 with the seizure of over 100 tonnes of counterfeit cigarettes in Rouen, representing an estimated resale value of €13.7 million<sup>62</sup>. **In all, 6 fake cigarette factories have been dismantled in France to date.**

Other industries are also affected by this relocation drive. **In December 2016<sup>63</sup>, French customs announced the dismantling of a counterfeit cosmetics laboratory in Seine-et-Marne.**

This clandestine facility manufactured cosmetics for export, as well as counterfeit body and facial care products, imitating products sold in drug stores.

The wines and spirits sector is affected as well. In **February 2025, the Spanish police dismantled a transnational criminal network specialising in the adulteration of Spanish wines.** The network was supplied with wines from various regions from Spain before being repackaged as bag-in-box products in the Valencia region. The cargoes were then shipped to Vietnam, where the bottles were relabelled and sold as authentic Rioja wines on Asian markets.

In total, 24,000 litres of fake wine, or around 32,000 bottles, were exported to China<sup>64</sup>.

## A crime broken into parts

The strategies adopted by criminal organisations specialising in counterfeiting have evolved considerably in recent years, making the detection and interception of illicit products more complex for the authorities. Rather than producing and shipping counterfeit goods in their final form, these networks now favour a fragmented and decentralised production model, based on the dissemination of components before they are assembled in the destination country.

### SEGMENTED PRODUCTION

China and its neighboring countries remain major hubs for counterfeit production. To minimize losses during seizures, criminal organisations have adopted a new strategy: shipping different parts of a product separately so they can be assembled in the destination country, particularly in Europe. This trend is accompanied by the relocation of production chains and manufacturing facilities, which are gradually shifting from Asia to destination countries. For example, counterfeit t-shirts and falsified labels are shipped separately and assembled directly in these local factories.

This segmentation strategy is based on several practices:

- **Shipments of individual components (labels packaging, containers, accessories) are made in separate containers to different countries.**
- **The final assembly of counterfeit products within the European Union,** in clandestine facilities located in Spain, Italy, France or the Netherlands.

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62 <https://www.gendarmerie.interieur.gouv.fr/gendinfo/criminalite-organisee-et-enquetes/2023/seine-maritime-demantelement-de-la-plus-grande-fabrique-de-cigarettes-de-contrefacon-a-saint-aubin-les-elbeuf>

63 [https://www.challenges.fr/economie/seine-et-marne-un-laboratoire-de-cosmetiques-de-contrefacon-demantele\\_445864](https://www.challenges.fr/economie/seine-et-marne-un-laboratoire-de-cosmetiques-de-contrefacon-demantele_445864)

64 <https://www.interior.gob.es/opencms/es/detalle/articulo/La-Guardia-Civil-desmantela-una-red-internacional-dedicada-al-comercio-ilegal-de-vino-con-Denominacion-de-Origen-Rioja/>

- **The integration of counterfeit products into legal distribution channels**, making it more difficult for customs and inspection authorities to identify them.

## ADAPTING CRIMINAL ORGANISATIONS TO REPRESSIVE MEASURES

This new approach complicates the work of investigators. OLAF points out that counterfeit products are increasingly being brought into Europe in partially assembled form: “In the past, counterfeit finished products came exclusively from third countries, but today, there are illicit factories within the EU itself.

This complicates the work of OLAF, as products now arrive partially assembled and are completed within the territory. For example, containers in one member state may carry components, those in another member state may contain labels, and then the products are labelled inside Europe in dedicated factories”. This approach to geographical dispersal minimises the risks in the event of interception ; partial seizure does not prevent production of the end product.

## A CONCRETE EXAMPLE: INFILTRATION OF THE EUROPEAN MARKET

As Corinne Cléostrate, Deputy Director of Legal Affairs and Anti-Fraud at French Customs, explains, “in the perfume sector, which has become a highly lucrative source of income for traffickers in recent years, organised networks have set up a complete supply chain - from liquids imported in cans from Eastern Europe to bottles from China, Spain or France - with assembly carried out in France in warehouses where bottles, brand labels and packaging machines are found, all operated by people who often have no contract or are undocumented immigrants.

In a recent case, an ordinary seizure of 320 grams of cocaine in a letter was traced back to a lock-up containing 68,000 counterfeit perfumes, revealing a structured and transnational network, with the discovery of more than €80,000 in cash, financial documents, bank accounts and cryptocurrency wallets”.

The adoption of this decentralised production model was also highlighted during an operation carried out in 2024 by the Economic Inspectorate of Belgium's Federal Public Service - FPS Economy - which led to the discovery of three clandestine sales locations near the Brussels Gare du Nord station. These locations contained<sup>65</sup>:

- **Over 16,000 counterfeit items**, including clothes, shoes and accessories from luxury brands.
- **Brand labels**, suggesting that the sellers themselves were assembling and repackaging the counterfeit items on the spot.
- **A clandestine workshop for making counterfeit perfumes**, comprising drums of liquid perfume for packaging, labelling and packaging equipment and blank bottles ready to be filled and placed on the market.

**A total of 10,000 items were seized, confirming the scale of the phenomenon and the growing use of clandestine production facilities in Europe.**

65 <https://news.economie.fgov.be/246548-contrefacon-une-prise-record-double-le-volume-des-saisies>

***The lure  
of profit:***  
driving the  
attraction  
of counterfeiting  
for organised crime



## 3.1 Counterfeiting: a jackpot for organised crime

### A highly profitable business

Counterfeiting is now a major source of revenue for organised crime, with low initial investment, high profitability and limited criminal risk.

French MP and President of the CNAC Christophe Blanchet stresses the structural link between counterfeiting and drug trafficking: “the former is growing, as the drugs market seeks to diversify, attracted by the fact that counterfeiting is less risky, particularly in the context of legislation on drug trafficking. This creates room for counterfeiting as it calls for less investment and is lower risk. Tobacco will naturally be the first target, but all other products will follow.”

Similarly, according to Didier Douilly, former cyber-crime Gendarme and chief business officer at French company Webdrone, “counterfeiting follows the same logic as drug trafficking. The only difference is in the product. So it's hardly surprising that former drug traffickers have turned to counterfeiting. The network is in fact identical, with just as much gain for 100 times less risk”.

**A 2018 report from the US Patent and Trademark Office (USPTO) highlights that counterfeiting is now the world's leading criminal activity, generating between \$1.7 and \$4.5 trillion a year nationally and internationally<sup>66</sup>.**

### A structured and globalised business, dominated by organised crime

Trafficking in counterfeit goods, which is both lucrative and low-risk, has gone from small-scale production to a large-scale industry integrated into the global economy. Criminal networks and mafia-like criminal organisations play a central role.

This change has led to the **increased professionalism** of the networks involved in counterfeiting. According to OCRFM, “counterfeiting is attractive to criminals and delinquents, who know that the criminal risk is much lower and not comparable with drug trafficking, for example, while retaining a very attractive basic investment and return. When they get caught, if they get caught at all, they don't risk much”.

Technological developments have also reduced production and distribution costs. Sébastien Martin, CEO and co-founder of the French company RAID Square, which specialises in the security challenges of the blockchain ecosystem and Web3, illustrates this trend: “in the past, counterfeiting was done by all kinds of criminal bodies and was quite expensive because it required a logistical chain with warehouses and the supply of raw materials. Today, costs have fallen significantly. For example, counterfeit software costs €20 cents to produce, with a resale price of around €45. In comparison, cannabis has a production cost of €1.52 per gram and a resale price of €12. The ratio is incomparable.”

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66 <https://www.uspto.gov/sites/default/files/documents/USPTO-Counterfeit.pdf>

## Counterfeiting is proliferating in all markets

According to Piotr Stryskowski, Head of Unit in charge of the OECD Working Party on Countering Illicit Trade (WP-CIT), “ten years ago, counterfeiting was more conservative, focused on finished products and distributed through conventional channels like street markets.”

This diversification affects the technological, industrial and pharmaceutical sectors as well as everyday consumer goods, making the fight against this scourge particularly complex. As Jeff Hardy, Director-General of TRACIT, points out, “today, all sectors are now affected by counterfeiting without exception, including pesticides, pharmaceutical products, cigarettes, and alcoholic beverages, the latter of which are also impacted by smuggling”. Similarly, according to Jessica Matoua-David, President of French company Fargo Consulting, **“we need to start from the premise that everything is copied, even everyday products and baby products.** You can see this in shops or marketplaces although this can be dangerous because these products don’t comply with any regulations”.

By disguising counterfeit goods as genuine items, counterfeiters continuously refine their methods to deceive consumers. Through sophisticated packaging, fake certificates of authenticity, falsified QR codes, and fraudulent invoices, these criminal networks manage to infiltrate legal distribution channels and create the illusion of legitimacy for the products they offer<sup>67</sup>.

## THE SECTORS MOST AFFECTED BY COUNTERFEITING

### Clothing and accessories

**The fashion industry is one of the hardest hit by counterfeiting, with annual losses estimated at €12 billion in the European Union, or 5.2% of the sector's turnover. This situation has led to the loss of 160,000 jobs in the textile industry.** However, massive counterfeiting in this sector extends beyond Europe. According to annual seizure data from US Customs & Border Protection (CBP), clothing accounted for just over 26% of all counterfeit goods seized by US customs authorities in 2023. When headwear, footwear and accessories such as fake belts and sunglasses are included, the percentage rises to over 46%.

### Cosmetics and fragrances

The beauty products sector loses €3 billion a year in the EU, representing 4.8% of the sector's sales. In France, annual losses amount to €800 million. In 2024, the French customs authorities seized more than 2,193,000 counterfeit perfume and cosmetic products, i.e. 10.2% of the total number of articles intercepted at the French borders that year<sup>68</sup>. **In 2020, a “historic” seizure of more than one million counterfeit bottles, intended for the local market, took place in Greece, while in March 2024, more than 135,600 counterfeit perfumes were seized in Millau in a truck travelling between Spain and Belgium**<sup>69</sup>.

67 [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/reports/2024\\_Clothing\\_Cosmetics\\_Toys/2024\\_Economic\\_Impact\\_of\\_counterfeiting\\_in\\_clothing\\_cosmetics\\_toys\\_ExSum\\_fr.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2024_Clothing_Cosmetics_Toys/2024_Economic_Impact_of_counterfeiting_in_clothing_cosmetics_toys_ExSum_fr.pdf)

68 French Customs press release

69 <https://www.ladepeche.fr/2024/03/18/135-626-articles-de-parfum-contrefaits-bientot-incineres-par-les-douanes-de-millau-11833600.php>

## Jouets

With losses put at €1 billion a year, or 8.7% of total sales in the EU, toys are the sector most exposed to counterfeiting. More than just the financial losses, counterfeiting in this area brings major safety hazards for children, with the presence of toxic substances and choking hazards from loose parts and poor quality components.

In 2024, the French customs authorities seized more than 5,762,000 counterfeit toys and games, i.e. 26.8% of the total number of articles withdrawn from the market<sup>70</sup>.

## Pharmaceutical products

Counterfeit pharmaceutical drugs are now one of the most lucrative and worrying segments of illicit trade flows. Taking advantage of the growing demand for affordable, accessible treatments, criminal groups are selling falsified medicines, putting millions of patients at risk around the world.

While countries like France still benefit from a certain level of protection against the potentially devastating effects of falsified medicines - thanks in part to a robust social security system - counterfeiters exploit the high drug prices in countries such as the United States to distribute counterfeit medicines and treatments through networks of illicit online pharmacies.

As Michel Sebah, Global Product and Patient Protection Head at Sanofi, explains, "since 2020, the pharmaceutical sector has seen a marked interest on the part of critical organisations in products with high added value and destined for countries or patients able to buy them. Online sales are also a real accelerator of illicit offers available to patients all over the world".

The growth in this traffic can be explained by several factors<sup>71</sup> :

- A legislative framework that is often insufficient to combat pharmaceutical counterfeiting.
- Distribution is facilitated by e-commerce, where checks are less stringent.
- Growing demand for affordable medicines, particularly in countries where access to treatment is limited.

According to Lieutenant General Jean-Philippe Lecouffe, Deputy Executive Director, Operations Directorate, Europol, "thanks to digitalisation, the circulation and promotion of counterfeit, falsified, substandard or legitimate but fraudulently acquired medicinal products are facilitated by their wide accessibility on online platforms<sup>72</sup>.

A Reuters investigation published in September 2024 revealed a **vast network of counterfeit Ozempic**<sup>73</sup>, a drug normally used by diabetic patients, but also diverted for weight loss purposes. Falsified batches were found in 28 countries, some bearing batch numbers diverted from a legitimate shipment to Egypt. Counterfeiters are said to have relabelled and repackaged similar insulin pens and sold them under the Ozempic name. In at least four countries, these counterfeit drugs have led to hospitalisations, with one patient in Iraq even temporarily falling into a coma after a sudden drop in blood sugar levels. This global traffic concerns developed economies - the United States and the United Kingdom, Germany, Australia - and emerging markets - Nigeria, South Africa, Pakistan and Bangladesh. The use of the same falsified batch number in ten countries indicates the involvement of international criminal networks in this major pharmaceutical fraud.

70 <https://www.douane.gouv.fr/actualites/amelie-de-montchalin-presente-les-resultats-de-la-douane-francaise-pour-lannee-2024>

71 <https://minesparis-psl.hal.science/hal-00872275/file/Contrefacon-de-Medicaments-et-Organisations-Criminelles-FR.pdf>

72 <https://www.europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf>

73 <https://www.reuters.com/business/healthcare-pharmaceuticals/fake-ozempic-how-batch-numbers-help-criminal-groups-spread-dangerous-drugs-2024-09-05/>

In addition, in November 2024, Europol co-sponsored Operation SHIELD V, a large-scale initiative carried out in collaboration with INTERPOL, Frontex, OLAF and the authorities in 25 countries. The aim of this operation was to combat trafficking in counterfeit medicines, doping substances and other illicit health products, which are increasingly being distributed online. The results were significant: 2,374 people were arrested and more than 89 million units of falsified or unauthorised medicines were seized. These products included painkillers, anabolic steroids, food supplements and psychiatric drugs. 3,000 tonnes of illegal substances were also intercepted, and 16 clandestine laboratories were dismantled. The operation also led to the closure of numerous websites and social network accounts used for the illegal sale of these products<sup>74</sup>.

As Michel Sebah, Global Product and Patient Protection Head at Sanofi, explains, in order to protect consumers against these types of dangers, “the fight against counterfeiting requires 360-degree action, in terms of detection, investigation, supply chain protection, industrial product protection, as well as awareness-raising and cooperation with public authorities”.

### Electronic products

Electronic devices such as mobile phones and games consoles are frequently copied. A 2017 OECD study entitled “Trade in Counterfeit ICT Goods”, estimated that 1-in-5 phones and 1-in-4 video consoles sold worldwide were counterfeit<sup>75</sup>.

Amid a sharp rise in the prices of new smart-phones, criminal organisations are infiltrating the second-hand market, selling counterfeit devices at high prices despite their significantly lower quality compared to genuine products. In Australia, for example, criminal networks forming a veritable “underground economy” are currently using Facebook Marketplace as a platform to sell fake branded phones to unsuspecting customers, sending them low-end phones inserted into the casings of more expensive models for prices of up to AUD 1,000 (around €600)<sup>76</sup>.

### Food products

In 2022, French customs seized almost 380,000 counterfeit food items, a sharp increase on the previous year<sup>77</sup>. In 2023, this figure jumped to 1.12 million items, representing 5.62% of total seizures<sup>78</sup>. Fraudsters play on visual similarities to mislead consumers, slightly modifying the logos and names of genuine brands and denominations. For example, every year Europol carries out a dedicated operation called OPSON within the European Union, to identify counterfeit food products, with 10 of millions of products seized every year.

Counterfeiting can also impact the food industry in other ways. **In October 2024, for example, suspected members of a French drug trafficking network operating under the name of “CaliTerTer” and members of a clandestine branding group called “Pochette surprise” appeared in court in Créteil, France, on drug trafficking charges, including counterfeiting French and international food brands. “Pochette surprise” is a brand parody concept using food brand logos as decoration on the pouches sold by the dealers**<sup>79</sup>.

74 <https://www.europol.europa.eu/media-press/newsroom/news/europol-warns-consumers-to-be-mindful-about-fake-medicines-offered-online>

75 [https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/03/trade-in-counterfeit-ict-goods\\_g1g759ec/9789264270848-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/03/trade-in-counterfeit-ict-goods_g1g759ec/9789264270848-en.pdf)

76 <https://www.abc.net.au/news/2024-10-11/fake-phones-ripping-off-everyday-aussies-counterfeit-crime/104439840>

77 <https://www.douane.gouv.fr/actualites/contrefaçon-chiffres-cles-affaires-marquantes-2022-et-conseils-pour-se-premunir>

78 <https://www.douane.gouv.fr/actualites/la-douane-francaise-presente-ses-resultats-pour-lannee-2023>

79 <https://www.leparisien.fr/faits-divers/reseau-caliterter-quatre-ans-de-prison-requis-pour-le-patron-de-lagence-marketing-des-narcotrafiquants-03-10-2024-50MDD2GZ6NA5ZPNU2ZJZ4XN2Y.php>

## Automotive and industrial parts

The car parts market is heavily affected by counterfeiting, with massive seizures of components such as headlights, oil filters and brake pads.

**In 2024, French customs intercepted more than 80,000 counterfeit car parts in Marseille, destined for the Algerian market, representing an estimated loss of €4 million<sup>80</sup>.**

According to Guillaume Nocella, Brand Protection Manager at Stellantis, “the biggest seizures of counterfeit car parts concern keys, followed by fast-moving parts such as filtration parts, timing belts, brake parts, bumpers, lights and headlights”.

To illustrate the seriousness of the phenomenon, French Federation of Mechanical Industries (FIM) reported the discovery of four large bearings, destined for making wind turbines, measuring 1.40 metres in diameter and weighing one tonne each. **In April 2023, 30,000 ball-bearings infringing the rights of a company called Schaeffler were destroyed in Germany, representing a total weight of 10 tonnes, according to a company press release. These counterfeit components, which are widely used in strategic sectors such as the rail, wind power and aerospace industries, highlight the major risks associated with the infiltration of counterfeit products into industrial supply chains.**

## Audiovisual piracy

Digital piracy is a fast-growing market. In 2023, there were 141 billion visits to piracy sites worldwide, an increase of 12% since 2019.

**In February 2024, a British man was given a 20-month suspended prison sentence after earning nearly £250,000 (around €298,100) by operating illegal streaming services (IPTV) via the Mighty Plex, Mighty TV and Mighty Flex platforms<sup>81</sup>.**

- In January 2025, another British hacker was given a 21-month suspended sentence after stealing and selling unreleased music from artists including Coldplay, earning more than £42,000 (around €50,000)<sup>82</sup>. In France, illegal streaming is also becoming a serious threat to the Ligue 1 premier football league business model. According to a study published in November 2024 on illegal streaming of French league matches, no fewer than 37% of Ligue 1 viewers have used illegal means to watch matches. For some high-profile matches, such as the match between Paris Saint-Germain (PSG) and Olympique de Marseille (OM) in October 2024, up to 55% of the total audience used an illegal streaming service<sup>83</sup>.

## Alcoholic beverages and spirits

Some counterfeiters fill **empty genuine bottles with adulterated alcohol, making them extremely difficult to detect. In July 2022, a Bordeaux wine counterfeiting network was dismantled, involving hundreds of thousands of fake bottles<sup>84</sup>**. Counterfeiters also resort to using genuine bottles, particularly champagne bottles, to substitute the contents with cheaper products such as Prosecco or Cava.

80 [https://www.bfmtv.com/marseille/marseille-pres-de-80-000-pieces-automobiles-de-contrefaçon-interceptées-par-les-douaniers-en-un-an\\_AN-202409170563.html](https://www.bfmtv.com/marseille/marseille-pres-de-80-000-pieces-automobiles-de-contrefaçon-interceptées-par-les-douaniers-en-un-an_AN-202409170563.html)

81 <https://www.cityoflondon.police.uk/news/city-of-london/news/2024/january/man-sentenced-after-earning-250000-from-illegal-streaming/>

82 <https://www.cityoflondon.police.uk/news/city-of-london/news/2024/december/hacker-left-feeling-yellow-after-stealing-music-from-coldplay/>

83 [Ligue 1 : les chiffres alarmants du piratage depuis l'arrivée de DAZN](#)

84 <https://www.leparisien.fr/faits-divers/vins-de-bordeaux-un-reseau-de-contrefaçon-demantele-des-centaines-de-milliers-de-bouteilles-concernees-01-07-2022-KVWH4YP4LBUGPP3K35L7447NDI.php>

## Counterfeit works of art

In March 2024, eight people were arrested for defrauding around a hundred collectors between 2018 and 2023, by forging the signatures of masters such as Andy Warhol, Marc Chagall and Joan Miró, for a loss of €2.6 million<sup>85</sup>.

## Tobacco

While cigarette counterfeiting used to be marginal in France, it now accounts for 15.4% of tobacco sales, the highest proportion in Europe<sup>86</sup>.

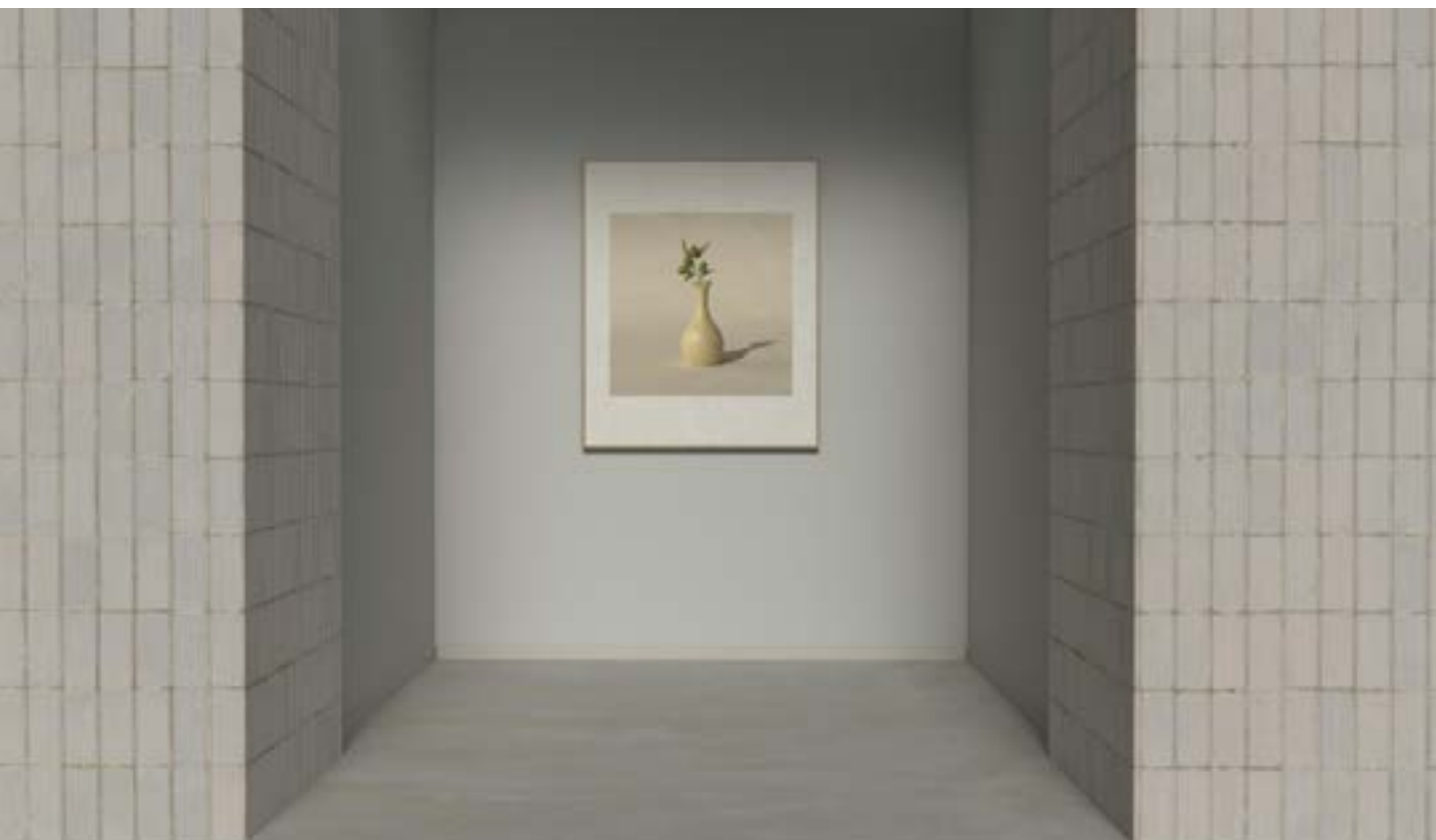
In 2023, approximately 300 million packs of counterfeit cigarettes were sold, resulting in a €2 billion loss for the French state, according to EY. This is due to the fact that in France, 85% of the price of a pack of cigarettes comes from taxes, which criminal organisations bypass through the parallel market<sup>87</sup>.

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85 <https://www.bfmtv.com/paris/info-bfmtv-huit-personnes-interpellees-soupconnees-d-avoir-vendu-des-faux-warhol-chagall-et-miro-AN-202403160313.html>

86 <https://revuedestabacs.com/blog/kpmg-40-de-la-consommation-de-cigarettes-en-france-provient-du-march%C3%A9-parall%C3%A8le/>

87 <https://www.pmi.com/markets/france/fr/medias/details/pr%C3%A8s-d-une-cigarette-sur-deux-consomm%C3%A9e-en-france-n-a-pas-%C3%A9t%C3%A9-achet%C3%A9-chez-un-buraliste-en-2023-la-france-le-pays-europ%C3%A9en-de-la-consommation-de-cigarettes-illicites>





## 3.2 Money laundering mechanisms linked to counterfeiting

### Opaque financial circuits using traditional levers

The counterfeit trade is not only a substantial source of revenue for criminal organisations, but also a preferred way of laundering money. According to OCRFM, “counterfeiting feeds on other criminal activities, but also fuels them with financial flows. The huge profits generated are ploughed back into money laundering circles, where the dirty money from other types of trafficking (drugs, prostitution, etc.) is also channelled.”

**In July 2024, the Spanish and French police, with the support of Europol, dismantled an international money laundering network, mainly made up of Chinese nationals, capable of laundering up to one million euros a day through a network of money launderers to Europe.** This investigation, launched in February 2021, began with the discovery of €500,000 in cash concealed in a vehicle near Perpignan, France. **The modus operandi was based on the collection of funds from counterfeiting, tax and customs fraud, and prostitution before these sums are channelled through a network of logistics operators across Europe**<sup>88</sup>.

A striking example of the link between organised crime and intellectual property offences came to light in Greece in June 2022. The authorities have been investigating a criminal network specialising in the sale of counterfeit luxury goods via social networks and websites. This network dispatched more than 364,000 packages, generating illicit profits in excess of 18 million euros. To conceal its activities, it used two courier companies, facilitating money laundering and escaping detection.

This case illustrates the growing sophistication of criminal networks, which are no longer content to simply traffic in counterfeit goods, but integrate legitimate commercial structures to reinforce and conceal their illegal operations<sup>89</sup>.

### THE USE OF THE HAWALA SYSTEM FOR MONEY LAUNDERING

The Hawala system, historically used as a means of transferring money informally and quickly, is also misused for criminal purposes, particularly money laundering, due to its informal nature and lack of detailed documentation. Hawala, a trust-based system with roots in medieval India and the Middle East, is widely used by immigrant communities around the world to send remittances to their countries of origin. Rather than conducting traditional cross-border money transfers, hawala brokers in different countries grant each other credits, relying on future transactions to balance accounts or settle debts over time.

According to statistics published by Dow Jones, **around £258.9 billion (some €208.7 billion) passes through this system every year.** Taking advantage of the lack of formal documentation associated with these transfers, criminal actors and terrorist groups have also used this system to transfer funds or send the proceeds of their activities abroad without going through traditional financial channels<sup>90</sup>.

88 <https://www.europol.europa.eu/media-press/newsroom/news/french-and-spanish-authorities-crack-down-chinese-money-laundering-gang>

89 <https://www.europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf>

90 <https://www.dowjones.com/professional/risk/resources/risk-blog/hawala-risks>

Several recent operations have highlighted its use to conceal illicit financial flows:

- In February 2025, Europol announced that 14 individuals operating in Spain and Portugal had been arrested for money laundering via Hawala. This network used this method to transfer funds derived from drug trafficking, minimising the risks of traceability<sup>91</sup>.
- In September 2020, one of Europe's biggest money launderers was arrested in Spain. He used Hawala to transfer capital without the physical movement of funds, thus facilitating large-scale money-laundering operations<sup>92</sup>.
- Illicit funds laundered via traditional Hawala networks can amount to hundreds of millions of euros, as demonstrated by the multi-national dismantling of a money laundering network in November 2016 in the Netherlands, France and Belgium, with the support of Europol. In this case, more than €300 million in estimated income from drug trafficking in Western Europe was transferred to Morocco through Hawala networks before the criminal network was dismantled<sup>93</sup>.

## The use of crypto-currencies to facilitate illegal transactions

While Hawala represents a traditional approach to informal money transfers, new blockchain-based crypto-currencies have emerged as a new tool for criminal actors to store, transfer and conceal the proceeds of their illicit activities.

Counterfeiters quickly adopted crypto-currencies as a money laundering tool and a means of payment, exploiting their lack of central authority, pseudonymous identities and limited traceability.

The main uses of crypto-currencies in counterfeiting include:

### — Money laundering

Criminals exploit crypto-currency exchange platforms to convert counterfeit funds into other digital assets or fiduciary currencies, making them difficult to trace<sup>94</sup>.

The use of so-called mixers or tumblers makes it possible to conceal the origin of funds by mixing them with other anonymous transactions.

Some networks set up fictitious businesses, justifying payments in crypto-currencies which are then converted into traditional currencies.

### — Transactions on the dark web

The dark web is a privileged platform for the sale of counterfeit illicit products, where payments in crypto-currencies guarantee the anonymity of the transactions and the parties involved<sup>95</sup>.

### — Use of confidential crypto-currencies

Some so-called “confidential” crypto-currencies, such as Monero, Dash and Zcash, offer an advanced level of anonymity, by concealing users’ addresses and the origin of funds. This increased opacity is used to make it even more difficult to detect fraudulent transactions<sup>96</sup>.

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91 <https://www.europol.europa.eu/media-press/newsroom/news/14-arrested-in-hit-against-money-laundering-gang-in-portugal-and-spain>

92 <https://www.europol.europa.eu/media-press/newsroom/news/one-of-europe%E2%80%99s-biggest-money-launderers-arrested-in-spain>

93 <https://www.europol.europa.eu/media-press/newsroom/news/hawala-money-laundering-ring-dismantled-joint-investigation-team>

94 <https://www.gendarmerie.interieur.gouv.fr/gendinfo/dossiers/criminalistique/le-futur-des-a-present/les-cryptomonnaies-sont-elles-l-apanage-des-criminels>

95 <https://syntheticdrugs.unodc.org/syntheticdrugs/fr/cybercrime/laundryproceeds/moneylaundering.html>

96 <https://syntheticdrugs.unodc.org/syntheticdrugs/fr/cybercrime/laundryproceeds/moneylaundering.html>

## RECENT CASES ILLUSTRATING THE SCALE OF THE PHENOMENON

- In December 2024, Europol announced that operations GORGON and WHITEHALL had led to the arrest of nine drug traffickers, the seizure of €27 million in crypto-currencies and the confiscation of €35,000 in cash, luxury items and financial documents demonstrating the use of crypto-assets for money laundering<sup>97</sup>.
- NFTs (non-fungible tokens) have also been misused for money laundering purposes, in particular to launder funds from drug trafficking by integrating them into digital asset transactions.

## THE CHALLENGES FACED BY THE AUTHORITIES

According to Sébastien Martin, CEO of the French company RAID Square and a specialist in Web3 security issues, “investigators today lack expertise in crypto-monetary issues and should be better trained to take these new challenges into account. Furthermore, while centralised exchange platforms are now regulated, the main challenge is to move quickly to obtain court orders and hope to seize the money”.

However, emphasising that it can also be a solution, Sébastien Martin points out that “many actors, including luxury brands in particular, are interested in blockchain to protect their products”.

97 <https://www.europol.europa.eu/media-press/newsroom/news/9-drug-traffickers-arrested-and-eur-27-million-in-cryptocurrencies-seized>

An aerial, high-angle photograph of a large, paved pedestrian plaza. The ground is made of large, light-colored rectangular tiles. Long, dark shadows of people and structures are cast across the plaza, indicating it is either early morning or late afternoon. Numerous people are walking in various directions across the plaza. In the top right corner, there is a white square containing the number '04' in a dark, sans-serif font.

04

# **Major socioeconomic impacts**

## 4.1 Exploitation of the workforce and a failure to take environmental issues into account

Counterfeiting represents a major economic, social and environmental challenge. As well as infringing intellectual property rights, this illegal activity has deleterious effects on the workers involved, the formal economy and the ecosystem. In particular, the UNODC points out that jobs linked to the production of counterfeit goods are often unregulated and poorly paid, exposing workers to extreme insecurity and vulnerability. What's more, this parallel industry encourages practices involving human exploitation and even human trafficking, particularly through the employment of children in the manufacture and distribution of these products on a global scale<sup>98</sup>.

### Counterfeiting and the exploitation of workers: an attack on fundamental rights

One of the most concerning social impacts of counterfeiting relates to the degrading working conditions imposed on individuals employed within this parallel economy. As counterfeiters evade regulation, **labour laws and safety standards are often ignored**, creating a breeding ground for undeclared work and the exploitation of the most vulnerable workers. OCRFM states that “counterfeiting causes damage not only to brands and private companies, but also to public finances, because the income and people employed are not declared, often involving the employment of undocumented immigrants which can go as far as human trafficking”.

This phenomenon is particularly worrying in certain sectors, such as fashion, electronics and cosmetics, where the manufacture of counterfeit products relies heavily on **undocumented workers, often lacking legal status**.

A striking example of this exploitation can be seen in the illicit markets, where the majority of counterfeit vendors are undocumented workers, paid derisory amounts by the day. These individuals are often placed each morning at specific points of sale, without any real knowledge of the supply chain behind them, which makes it all the more difficult to dismantle organised crime networks. The division of labour within these networks is reminiscent of a form of **“Taylorisation of illegal work”**, where the most exposed workers remain the most precarious and the least protected.

**At the heart of France's largest flea market, in the Paris suburb of Saint-Ouen, a vast counterfeiting and illegal immigration network was dismantled in early March 2025.** During a series of seizures and arrests in Saint-Ouen, police officers from the sub-directorate for combating illegal immigration seized several tonnes of counterfeit goods. They also took 5 people into custody, including street vendors and a couple living in Seine-Saint-Denis. The latter are suspected of being at the head of an “illegal immigration network specialising in the exploitation of street sellers”, as well as in the illegal import of large quantities of luxury leather goods and counterfeit brands<sup>99</sup>.

98 <https://ulse.org/ul-standards-engagement/anti-counterfeiting>

99 <https://www.leparisien.fr/faits-divers/pres-de-20-tonnes-de-marchandises-contrefaites-saisies-au-marche-aux-puces-de-saint-ouen-09-03-2025-JV5TVYTLBRDUJCCG44VV3NJM2Q.php>





## Environmental impact: unregulated production

Counterfeiting also triggers major additional impacts on the environment. Unlike regulated industries, which have to comply with strict pollution and waste management standards, underground counterfeit factories have no concern whatsoever for the environmental impact of their production.

On the one hand, these products are manufactured thousands of miles from consumer markets and shipped in a multitude of small packages by express freight, which generates a considerable carbon footprint due to transport. On the other hand, the manufacturing processes used are often extremely polluting, with a **massive discharge of toxic waste directly into nature.**

Moreover, the products are not recyclable due to their components, which do not comply with any standards.

A particularly striking example concerns counterfeit perfumes and cosmetics, where dangerous substances such as antifreeze, corrosive chemicals and traces of human and animal urine were found in the bottles seized by the authorities. In 2018, a law enforcement operation by Gendarmes in the north of France led to the dismantling of a vast perfume counterfeiting network containing **highly harmful substances, endangering the health of consumers and the environment**<sup>100</sup>.

Whether in the industrialised world or in emerging markets, where food pressures are hitting local populations hardest, **counterfeit agricultural inputs - including seeds, fertilisers and pesticides - can have immediate and long-term repercussions for entire communities and ecosystems. As TRACIT points out, the global trade in illegal pesticides (including counterfeit pesticides) is estimated at between USD 8 and 20 billion a year.** According to statistics published by the EUIPO in 2017, Europe accounts for around 14% of this global industry, resulting in an estimated loss of revenue of €1.3 billion a year for legitimate businesses<sup>101</sup>.

**In 2023, Operation Silver Axe VIII, coordinated by Europol and involving law enforcement agencies from 32 countries - including all 27 EU Member States - led to the seizure of 2,040 tonnes of illegal and counterfeit pesticides. Since its launch in 2012, the Silver Axe programme has resulted in the seizure of nearly 7,000 tonnes of illicit pesticides.**

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100 <https://www.20minutes.fr/lille/2381143-20181126-nord-revendait-parfums-contrefaits-contenant-doute-urine-humaine>

101 <https://www.tracit.org/pesticides.html>

## 4.2 Major impacts on public health and safety

Counterfeiting represents a significant threat to public health and consumer safety. The scale of this phenomenon goes beyond mere infringements of intellectual property rights, and endangers human lives through the proliferation of falsified medicines, counterfeit foodstuffs and other dangerous products that are unfit for consumption.

The EU-SOCTA 2025 report highlights that the trade in counterfeit goods goes beyond low-cost imitation and also includes dangerous items, such as unsafe medicines or toxic substances. It highlights the role of digital platforms and encrypted communications in facilitating this traffic, making it more difficult for the authorities to detect and dismantle these illicit markets<sup>102</sup>.

As Claire Laclau, the French police commissioner in Saint-Ouen, explains, **“as well as being a crime, counterfeiting compromises safety in the public space. It is governed by the same rules as drug trafficking and must therefore be combated in the same way”**.

### Pharmaceutical counterfeiting: a growing threat

A new trend has emerged: falsification has declined in favour of the illicit trade in genuine medicines, which are diverted from their legal distribution channels and resold at unregulated prices in third countries.

Pharmaceutical counterfeiting is based on a variety of practices, ranging from the resale of out-of-date medicines under false labels to the manufacture of tablets without active ingredients or containing toxic substances.

According to Wilfrid Rogé, head of global anti-counterfeiting at Servier, **“a counterfeit medicine represents a danger not only because it may contain harmful active ingredients, but also because it has not been processed, stored and transported in accordance with the required standards and specifications”**. The lack of quality control in these illicit channels has dramatic health consequences, ranging from ineffective treatments to serious or even fatal side-effects.

**Some 270,000 deaths a year in sub-Saharan Africa are caused by the use of falsified and substandard anti-malarial drugs, according to a UNODC reports<sup>103</sup>**. This problem is all the more worrying given that pharmaceutical counterfeiting affects developing countries as well as advanced economies.

**It should be noted that more than 115 million counterfeit medicines were seized in the USA in 2023, and that these counterfeit medicines are produced in particular by the Mexican cartels of Sinaloa and Jalisco according to the US government. Almost half of the Fentanyl seized in the USA is in the form of counterfeit tablets<sup>104</sup>**.

In October 2023, Interpol revealed the results of Operation Pangea XVI, conducted across 89 countries to combat illicit medicines. The operation led to 72 arrests, the seizure of potentially dangerous pharmaceutical products worth over USD 7 million, the launch of 325 investigations, and the shutdown of more than 1,300 fraudulent websites.

Similarly, in November 2024, Operation Crete II (carried out from August to September 2024) brought together 12 countries to combat the illegal trade in counterfeit fashion, medical products and digital piracy in South America.

102 <https://www.europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf>

103 <https://africarenewal.un.org/en>

104 <https://www.npr.org/2024/05/13/1250791924/fentanyl-opioid-counterfeit-pills-law-enforcement-seizures-study>

In total, 104 people were arrested and more than 11 million products were seized, including almost 300,000 pharmaceutical products, including prescription-only medicines such as vaccines, antidepressants and chemical precursors that could be used to manufacture illegal drugs<sup>105</sup>.

**This phenomenon highlights a worrying change in consumer behaviour in the face of risk: the shift from unknown risk to accepted risk.**

In the past, the main reason for buying medicines from unofficial outlets was a lack of information: consumers were unaware of the dangers of counterfeit products. Today, against a backdrop of economic insecurity exacerbated by the Covid-19 crisis and the collapse of certain healthcare systems, a new phenomenon is emerging: risk acceptance. In other words, people are aware of the dangers of buying counterfeit drugs, but they deliberately choose to take them for lack of an alternative. This acceptance of risk is particularly evident in cases of serious illness, where the need for treatment becomes a vital emergency. Pharmaceutical counterfeiting no longer thrives solely on ignorance, but also on the distress of patients and their families.

## Counterfeit food and drink: an underestimated health risk

The agri-food sector is no exception to counterfeiting. Organised crime is increasingly investing in this market, falsifying foodstuffs, alcoholic beverages and everyday consumer products. **Operation OPSON XIII, carried out by Europol in October 2024, resulted in the seizure of 22,000 tonnes of foodstuffs and 850,000 litres of adulterated drinks, worth an estimated €91 million.**

**The authorities uncovered a fraudulent system of relabelling out-of-date products, enabling criminals to put unfit food back on the market by falsifying expiry dates<sup>106</sup>, which is akin to counterfeiting labels.**

The wines and spirits sector too is affected. In October 2024, a network of counterfeit prestigious French grands crus wines was dismantled in France and Italy, with fraud estimated at over €2 million. Similarly, recent cases have revealed the marketing of counterfeit bottles of champagne containing dangerous substances, including mixtures of adulterated alcohol and methanol, which can cause serious poisoning, even blindness or death<sup>107</sup>.

**In Germany and the Netherlands in February 2022, for example, 1 man died and 10 others were poisoned by 3-litre bottles of champagne filled with MDMA, a party drug.** The bottles, which cost \$480 US (€444), had been purchased online. More tainted bottles containing MDMA were discovered in June 2022, with health authorities warning that their contents were so lethal that “simply dipping your finger in the liquid and tasting it can cause serious health problems, even without ingestion<sup>108</sup>”.

## The dangers of counterfeiting in the aeronautical industry

Another area particularly exposed to counterfeiting is aviation, where fake spare parts can pose major risks to flight safety.

According to a study by the University of Northumbria, **used components recovered from aircraft wreckers are often put back into circulation after being reconditioned and accompanied by falsified documents.** These parts do not comply with industry standards, and are sometimes integrated into the legal provisioning circuits, exposing airlines to potentially catastrophic technical failures.

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105 <https://www.interpol.int/News-and-Events/News/2024/Over-11-million-illicit-and-counterfeit-products-seized-in-South-American-operation>, <https://www.interpol.int/fr/Actualites-et-evenements/Actualites/2023/Une-operation-d-INTERPOL-cible-les-medicaments-illicites-dans-le-monde>

106 <https://www.europol.europa.eu/media-press/newsroom/news/eur-91-million-worth-of-counterfeit-and-substandard-food-seized-in-europe-wide-operation>

107 [https://www.francetvinfo.fr/faits-divers/un-reseau-de-faux-grands-crus-francais-demantele-par-la-france-et-l-italie\\_6839270.html](https://www.francetvinfo.fr/faits-divers/un-reseau-de-faux-grands-crus-francais-demantele-par-la-france-et-l-italie_6839270.html)

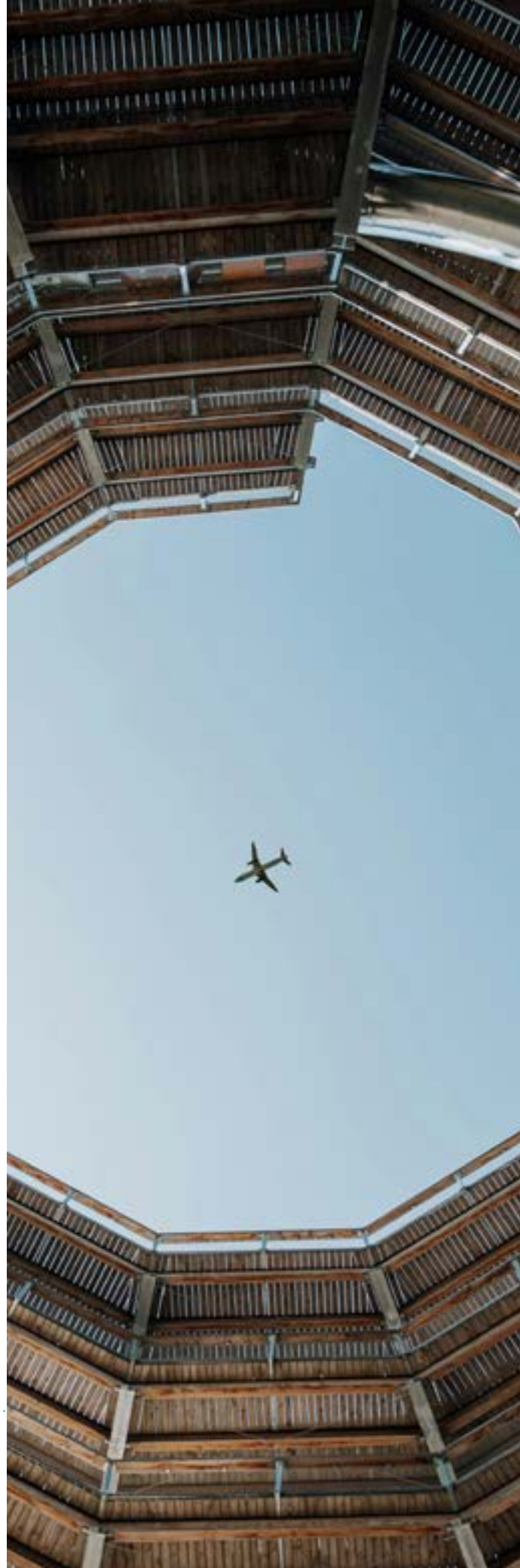
108 <https://www.spiegel.de/panorama/justiz/moet-und-chandon-wegen-eines-todesfalls-aufgrund-von-ecstasy-in-champagnerflasche-rufen-behoerden-zu-vorsicht-auf-a-a650d244-569f-4080-a9ce-f17984f3d3e7>

Although the sector's supply chains are theoretically highly controlled, the very structure of the industry can facilitate the entry of counterfeit parts. Under extreme financial and time pressure to keep their aircraft flying, minimise maintenance downtime and avoid heavy fines, airlines and their technical staff can become desperate targets for counterfeiters. This enables them to get their fraudulent - and potentially dangerous - products onto the market.

As Justin Kotze, a researcher in criminology at Northumbria University in the UK, explains, "the deregulation of the aviation industry and commercial competition since the 1970s have created pressure on time and costs to quickly return aircraft to service and avoid fines. As a result, unauthorised suppliers have seized the opportunity by providing counterfeit and unapproved spare parts quickly and at lower prices". This situation illustrates how counterfeiting does much more than simply cause economic damage; it poses a direct threat to the safety of infrastructures and people.

The infamous crash of Air France flight 4590, in which a Concorde passenger plane crashed on take-off from Charles de Gaulle airport in France in July 2000, killing 113 people, was partly caused by a counterfeit part - a metal plate that had come loose from another plane and fallen onto the runway.

**In December 2023, an investigation by the Serious Fraud Office (SFO) in the UK also revealed that AOG Technics had been selling counterfeit aeronautical parts for commercial aircraft engines, leading to the immediate withdrawal of 126 aircraft from service<sup>109</sup>.** This scandal has affected many large companies in the aerospace sector, including Safran, GE Aerospace and CFM International.



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109 <https://www.gov.uk/sfo-cases/aog-technics-ltd>

## 4.3 Economic repercussions: a threat to businesses

As well as infringing human rights and threatening public health, counterfeiting is a direct threat to the formal economy. According to the OECD, the annual losses linked to counterfeiting amount to several hundred billion dollars worldwide, affecting not only companies that invest in research and innovation, but also governments. The proliferation of these illegal products deprives governments of crucial tax resources, increases unfair competition and has a negative impact on employment and the economic stability of legal businesses.

### A massive financial loss for companies and governments

Counterfeiting leads to an erosion of profits for legitimate businesses, which have to face unfair competition from products sold at prices well below those on the market, without bearing the costs associated with innovation, quality standards and tax and payroll deductions.

According to a 2021 EUIPO report<sup>110</sup>, **annual losses due to counterfeiting in the European Union were estimated at €83 billion in 11 key sectors, accompanied by a loss of tax revenue of €15 billion due to tax and social security fraud. What's more, according to the study, 670,000 jobs are lost every year as a result of counterfeiting.**

This problem is not limited to economic losses: it represents a real issue of fiscal sovereignty. As French MP President of the CNAC Christophe Blanchet points out, “the State and the government must take matters into their own hands by acting more quickly and more decisively, involving an inter-ministerial delegate and around 10 ministries, because all sectors are affected by counterfeiting: health, the interior, the economy, agriculture, culture, etc. It's a public health problem, a problem of international trade relations and a public finance problem. It's a problem for public health, international trade relations and public finances.”

According to Sébastien Martin, CEO and co-founder of the French company RAID Square, “putting more resources into the fight against counterfeiting would enable the State to reap revenues. It is also a gateway to other offences (social offences, for example) which in turn generate revenue for the State.”

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110 [https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/Awareness\\_campaigns/spring\\_campaign\\_2021/2021\\_Spring\\_Campaign\\_fr.pdf](https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/Awareness_campaigns/spring_campaign_2021/2021_Spring_Campaign_fr.pdf)



## Unfair competition jeopardising the formal economy

The existence of a parallel market in counterfeit products directly threatens legal production and distribution chains. Companies invest massively in innovation, research and protecting their image, but they also have to allocate considerable resources to combating counterfeiting, whether through legal proceedings, awareness-raising campaigns or reinforcing the security features of their products.

As Claire Laclau, the French police commissioner in Saint-Ouen, explains, “the Saint-Ouen flea market is the second most popular tourist attraction in Paris after the Eiffel Tower, welcoming over 5 million visitors a year. There are even tourist guides that advertise the fact that you can buy counterfeit products there, which helps to ensure that some consumers are unaware of the risks involved”. This behaviour encourages demand and feeds an illicit market that competes directly with official companies.

This situation is similar in other places that are emblematic of informal trade, such as Istanbul's Grand Bazaar, where merchants selling counterfeit luxury goods are increasingly replacing legitimate sellers of traditional products and handcrafts<sup>111</sup>. This tolerance on the part of tourist markets to the sale of fake products does serious harm to brands and reinforces the foothold of these criminal networks in the local economy.

Turkey is a particularly problematic area, where counterfeiting has become commonplace in many sectors. Despite warnings to the Turkish government from several French, European and international institutions, the situation is worsening by the day.

According to Ivan J. Arvelo, Director of the National Intellectual Property Rights Coordination Center (IPR Center) with the U.S. Department of Homeland Security (DHS): “counterfeit goods fuel organised crime syndicates that fund illicit operations. These criminal networks profit from the sale of fake products, all while endangering consumers and undermining legitimate industries. The fight against counterfeiting encompasses more than protecting intellectual property; it's about dismantling the global criminal enterprises that prey on unsuspecting citizens and economies. To effectively combat this growing threat, we must strengthen international cooperation, leverage advanced technologies, and empower businesses to take a stand against counterfeiting. At the IPR Center, we remain committed to combating this multifaceted threat with unwavering determination.”

111 <https://www.france24.com/en/live-news/20240717-fake-luxuries-supplant-tradition-in-istanbul-s-grand-bazaar>



# Conclusion

Counterfeiting is now an essential source of funding for organised crime, providing these networks with a simple, extremely profitable and low-risk means of financing their activities. Unlike drug or arms trafficking, which are subject to severe penalties, the legal framework for counterfeiting is still too lax, leaving criminals considerable scope for action.

This illegal market thrives on ever-increasing demand, fuelled by consumers who are often unaware of the real consequences of their purchases. The rise of e-commerce and social networking has amplified this threat, turning digital platforms into veritable grey areas where counterfeit products circulate freely, in plain sight.

Worse still, counterfeiting is now being promoted out of hand, orchestrated by certain influencers who, through ignorance or financial opportunism, are helping to normalise this criminal economy. Every fake product bought on a marketplace, every affiliate link to a fake luxury item, every disguised advertisement for counterfeit medicines, sports shoes, leather goods and cosmetics reinforces a structured criminal system that finances money laundering, drug trafficking, human trafficking, and even terrorist activities.

Meanwhile, efforts to combat this scourge remain inadequate. The legal framework is struggling to keep pace with the rapid expansion of e-commerce, international cooperation remains too fragmented, and consumers continue to feed this market without realising the dangers to which they are exposing themselves. Economic crises only exacerbate the situation, pushing some of the population towards low-cost alternatives, without realising that they are indirectly supporting transnational criminal organisations.

In the face of this ever-growing threat, a global, coordinated and offensive response is imperative. It is no longer enough to act in isolation or reactively: we need a concerted strategy that mobilises all the actors - governments, businesses, judicial authorities, digital platforms, law enforcement agencies and consumers themselves.

We are now past the time of simply raising awareness, and must move on to concrete commitments.

# Recommendations

## 1.

### STRENGTHENING INTERNATIONAL COOPERATION AND THE LEGAL FRAMEWORK

- Creating an interministerial delegate in France and in each country, dedicated to the fight against counterfeiting, to coordinate the actions of public authorities and the private sector.
- Tougher judicial sanctions: longer periods of police custody, stiffer penalties, and wider powers of special investigative techniques (wiretapping, infiltration, sound recording).
- Harmonising legislation at European and international levels to prevent counterfeiters from exploiting legal loopholes and the forum shopping.
- Promoting inter-state cooperations by facilitating the exchange of information, particularly with third countries.

## 2.

### FIGHTING ORGANISED CRIME AND DRYING UP FINANCIAL FLOWS

- Improving cooperation between law enforcement agencies (customs, police, gendarmerie, French Directorate General for Competition Policy, Consumer Affairs and Fraud Control - DGCCRF).
- Systematically seizing criminal assets linked to counterfeiting, as the deprivation of profits remains the most effective deterrent against these networks.
- Making it possible for all authorities to carry out test purchases.
- Working on the financing of criminal organisations, by tackling the money laundering circuits and financial services used by the networks.

## 3.

### BOOSTING THE RESOURCES OF LAW ENFORCEMENT

- Developing specialised counterfeiting units, such as those that exist for terrorism and drug trafficking.
- Simplifying procedures for rights holders by introducing a single Europe-wide form for reporting infringements offline as well as online.
- Improving the quality of intelligence by promoting the exchange of information between companies and operational public authorities.

- Setting up specialised chambers in the courts.
- Raising awareness and informing judges about the effects and consequences of counterfeiting and the importance of destroying illegal goods.

## **4.** RAISING AWARENESS AND EMPOWERING CONSUMERS

- Carrying out massive public and government prevention campaigns modelled on the campaigns against drink-driving, by showing the real dangers of counterfeit products (toxicity, accidents, human exploitation, pollution).
- Introducing an immediate fixed fine for possession of counterfeit goods, modelled on the penalties for drug offences.
- Teaching the concept of intellectual property at school to raise awareness of the consequences of counterfeiting.
- Educating people on the links between counterfeiting and crime, with an emphasis on the consequences: financing terrorism, exploitation of human beings, damage to the environment and health safety.

## **5.** MODERNISING TRACEABILITY AND DETECTION TOOLS

- Strengthening digital investigation capabilities, in collaboration with digital e-commerce platforms, to detect and remove advertisements for counterfeit products more quickly.
- Encouraging public-private cooperation, by involving businesses more in the investigation process and improving two-way communication.
- Developing cutting-edge technologies to authenticate products and facilitate access for field agents to use them.



# COUNTERFEITING & ORGANISED CRIME

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