

Counterfeit World Cup goods dent South African economy

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WEBEXCLUSIVES

A glut of fake-branded World Cup merchandise released in the run-up to the football tournament has had damaging effects on South Africa's indigenous clothing industry, according to the International Trademark Association (INTA)

Litigation/ IP Management/ Trademarks

INTA announced this month that imports of counterfeit World Cup clothing to South Africa have blighted the country's textile industry. While most official World Cup merchandise is made in the Far East, a segment of the South African industry had hoped to benefit from sales of locally produced official garments related to the national Bafana Bafana team. However, the influx of fake-branded clothing to South Africa has distracted consumers from purchasing indigenous goods – counterfeits have provided them with a cheaper means of keeping up with fans wearing licensed products.

In its announcement, INTA drew upon figures from the South African Clothing and Textile Workers Union (SACTWU), which indicate that 14,400 jobs have been cut in the country's textile sector over the past year as a result of World Cup fakes. SACTWU general secretary Andre Kriel said that 2,000 jobs had been lost in Cape Town alone. 'Soccer supporters and South African citizens can save these jobs and grow the manufacturing capacity by ensuring that they buy locally made products,' he added.

Merchants working for counterfeiting cartels have targeted unsuspecting tourists and fans, who have not always been able to tell the difference between fake garments and their official counterparts. But despite the negative impact that counterfeit goods have had on South Africa's economy, seizure operations have been productive. In the past six months,

South African customs authorities have impounded fake World Cup goods worth R66m, or US\$8m.

INTA executive director Alan Drewsen warned that all consumers were vulnerable to fake-branded World Cup items, which are not just localised to South Africa. 'Fake goods not only mislead consumers, but lead to the loss of legitimate jobs in the affected industries,' he said. 'FIFA and South Africa have increased their efforts to block the sale of counterfeit goods, and we hope that consumers will be watchful and not knowingly purchase any fake merchandise.'

The facts on fakes

In its announcement on World Cup counterfeits, INTA also cited a study published in May by consultancy group Frontier Economics. The report provides several insights into the wider economic issues at stake in the fight against counterfeits:

- Counterfeiting and piracy have cost G20 governments and consumers over \$120 billion per year.
- As a result of counterfeiting, G20 economies lose approximately \$75bn per year in tax revenues and higher welfare spending.
- Due to counterfeiting, the annual increase-to-crime costs experienced by G20 nations amounts to almost \$25bn.
- Annual G20 health service costs incurred by injuries caused by dangerous fake products – such as toys and pharmaceuticals – top \$120bn.
- The modern counterfeiting industry has destroyed up to 2.5 million jobs throughout G20 nations.

The study was produced as part of a wider initiative by Business Action to Stop Counterfeiting And Piracy (BASCAP), which is investigating the effects that bogus goods have on the global economy. BASCAP plans to develop a series of methodologies for tackling the problem.