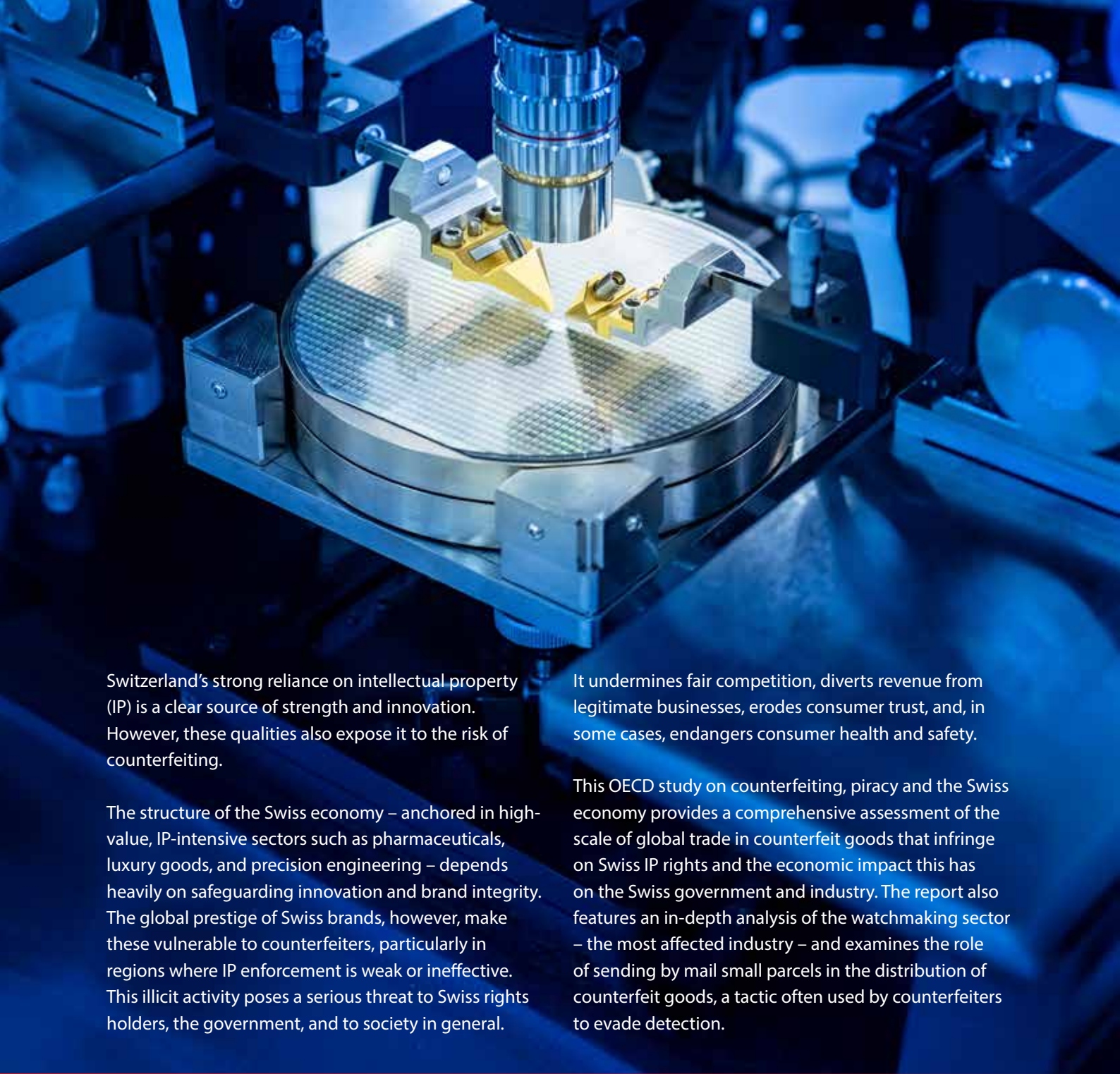


Counterfeiting, Piracy and the Swiss Economy 2025



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Switzerland's strong reliance on intellectual property (IP) is a clear source of strength and innovation. However, these qualities also expose it to the risk of counterfeiting.

The structure of the Swiss economy – anchored in high-value, IP-intensive sectors such as pharmaceuticals, luxury goods, and precision engineering – depends heavily on safeguarding innovation and brand integrity. The global prestige of Swiss brands, however, make these vulnerable to counterfeiters, particularly in regions where IP enforcement is weak or ineffective. This illicit activity poses a serious threat to Swiss rights holders, the government, and to society in general.

It undermines fair competition, diverts revenue from legitimate businesses, erodes consumer trust, and, in some cases, endangers consumer health and safety.

This OECD study on counterfeiting, piracy and the Swiss economy provides a comprehensive assessment of the scale of global trade in counterfeit goods that infringe on Swiss IP rights and the economic impact this has on the Swiss government and industry. The report also features an in-depth analysis of the watchmaking sector – the most affected industry – and examines the role of sending by mail small parcels in the distribution of counterfeit goods, a tactic often used by counterfeiters to evade detection.



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1. A brief overview

Global trade is a key driver of economic growth, fostering international specialisation, the opening of new markets, and offering consumers an unprecedented range of products. Fueled by globalisation, technological innovation, and advanced logistics, this interconnected system has significantly strengthened global commerce. Yet the same conditions that enable legitimate trade have also created opportunities for illicit activity, in particular trade in counterfeit goods.

Counterfeiting is a serious threat to the global economy. The increasing complexity and global dispersion of supply chains have made these vulnerable to exploitation by criminal networks taking advantage of enforcement gaps, regulatory inconsistencies, and the opacity of cross-border trade. The result is a significant erosion of market integrity and consumer trust.

For small, highly innovative and export-oriented economies such as Switzerland, the implications are significant. Swiss industries are built on innovation, quality, and strong brand reputation – factors that are central to their global competitiveness. However, the widespread recognition and high market value of Swiss products¹ make them attractive targets. The resulting proliferation of fake goods not only harms legitimate businesses, but disrupts economic stability, poses risks to consumer safety, and erodes confidence in the integrity of international trade.

This study provides an analysis of Switzerland's exposure to intellectual property rights (IPR) violations and quantifies the magnitude of this trade and its economic impact. It also provides an in-depth analysis of the Swiss watchmaking sector, and the role played by small parcels in the distribution of counterfeit products that infringe on Swiss IPR. By offering evidence-based insights, this report aims to support Swiss authorities and international partners in designing more effective strategies to combat counterfeiting and to reinforce the protection of intellectual property on a global scale.

The results of the present analysis are concerning. In 2021, global trade in counterfeit goods infringing on Swiss trademarks was estimated to be USD 4.7 billion – equivalent to 1.3% of Switzerland's total exports. That same year, counterfeiting led to an estimated USD 3 billion in lost sales across impacted Swiss industries and the destruction of over 6 000 jobs. The impact extended beyond the private sector. Indeed, due to counterfeiting, the Swiss government suffered an estimated loss of close to USD 97.8 million in tax revenues.

While several sectors are impacted – including electronics, apparel, leather goods, footwear, and furniture – the Swiss watchmaking industry is by far the most heavily affected, making it the primary sector harmed by violations of Swiss intellectual property rights.

1. In this study, a "Swiss" or "Swiss Made" product is defined as a product that bears the trademark or another intellectual property right of a Swiss company or a company domiciled in Switzerland.

As counterfeiters continue to adapt to enforcement measures, trade routes are increasingly complex and distribution methods increasingly sophisticated. The major challenges faced by enforcement authorities include those related to the widespread misuse of international postal and courier services. Indeed, the growing use of small parcel shipments has enabled

traffickers to operate with greater discretion, making detection and interception significantly more difficult.

The findings point to significant vulnerabilities and persistent challenges for the Swiss economy, underscoring the need for ongoing monitoring and an international co-ordinated response.

2. Swiss made? Mapping global counterfeiting involving Swiss IPR violations

In 2021, the estimated value of global trade in counterfeit goods infringing Swiss intellectual property rights amounted to USD 4.7 billion – equivalent to 1.3% of total Swiss exports that year. The sharp increase in counterfeit goods in 2021 compared to 2020, when the value of such goods was estimated at USD 1.4 billion, reflects the post-pandemic rebound in illicit activity.

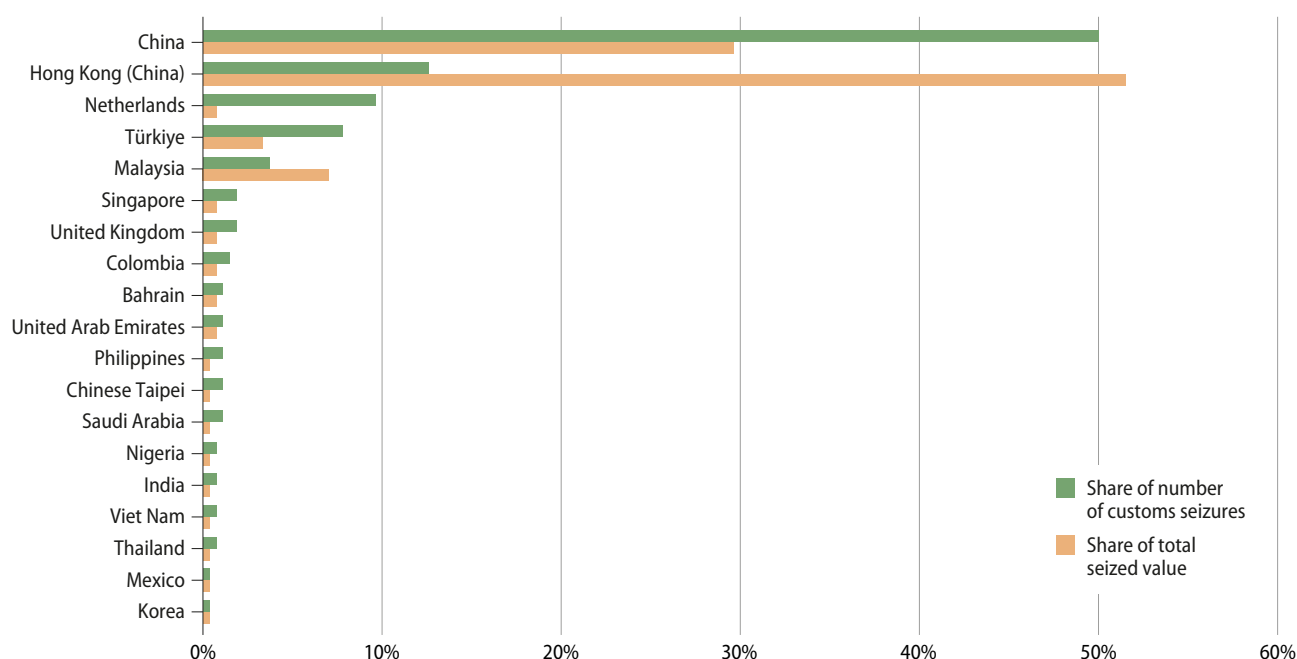
While watches top the list in absolute terms, the apparel and leather goods sector was the most affected when measured relative to total exports. In 2021, counterfeit goods in this sector equalled 6.1% of total exports. The furniture sector followed with 5.6%, and electronics and telecommunications with 4.5%.

These figures reveal that the broad vulnerability of high-value Swiss sectors to counterfeiting goes beyond the luxury sectors.

Counterfeit goods infringing Swiss IPR: Where do they originate?

The majority of counterfeit goods infringing Swiss IPR in 2020-21 originated from the People's Republic of China (hereafter "China") and Hong Kong (China), which together accounted for 82% of the total value of seizures and 63% of the number of seizure cases (Figure 1). The Netherlands and Türkiye followed. These economies are the most likely transit points that are used by counterfeiters in their clandestine activities.

FIGURE 1 **Top provenance economies of fake goods infringing Swiss IP, 2020-21**

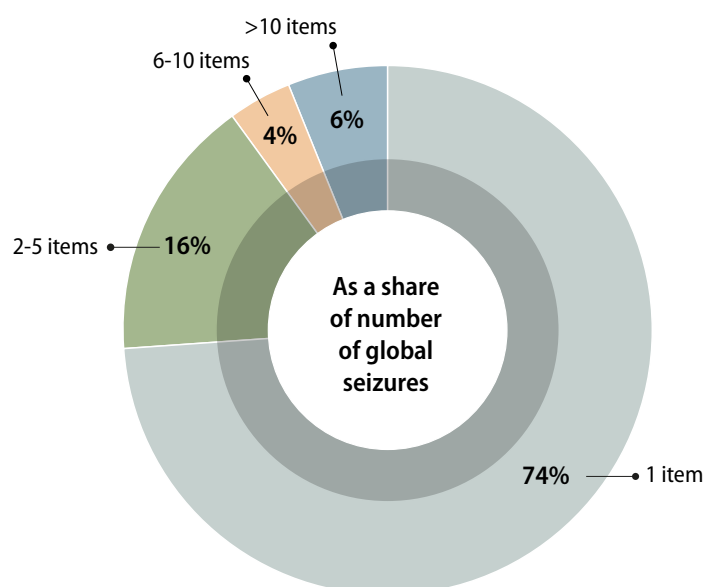


... and how are they shipped?

Counterfeit goods were primarily shipped by mail, which accounted for 75% of all customs seizures in 2020–2021. This was followed by air (16%) and road transport (5%). The dominance of postal shipments reflects the rise of e-commerce and the widespread use of small packages to evade detection, reduce interception risk, and fragment supply chains.

Indeed, trade in counterfeit goods infringing Swiss IPR is increasingly characterised by small consignments. Nearly three-quarters of seizures involved shipments containing only a single item, with 90% including fewer than six items (Figure 2). This trend mirrors consumer purchasing behaviour through online platforms and highlights the challenges faced by enforcement agencies as smaller shipments are more difficult to detect.

FIGURE 2. **Shipment size of counterfeit goods infringing Swiss IPR, 2020-21**





3. Effects of the trade in counterfeit goods infringing Swiss IPR on the Swiss economy

The infringement of Swiss intellectual property (IP) in global trade is a serious threat to Swiss firms and, by extension, to the broader Swiss economy. Companies suffer from lost sales and profits, employees face job losses, and the government experiences reduced tax revenues.

Lost sales for Swiss companies

The total estimated sales lost due to counterfeit goods infringing Swiss Intellectual Property Rights

(IPR) reached USD 3.03 billion in 2021 (Table 1). The watch and jewellery sector recorded the largest absolute losses at USD 1.44 billion, followed by the electronics sector at USD 1.05 billion. In relative terms, the clothing, footwear, leather and related products sector suffered the most, with lost sales amounting to 12.2% of the sector's total sales, indicating deep market penetration by counterfeiters. The household cultural and recreational goods and electronics sectors followed with losses of 3.4% and 3.0% respectively.

TABLE 1. **Estimated lost sales for most targeted Swiss manufacturing industries, 2021**

Sector	Sales losses (in USD, mn)	Sales losses as a share of sales
Watches and jewellery	1440.51	0.9%
Electrical household appliances, electronic and telecommunications equipment	1045.07	3.0%
Clothing, footwear, leather and related products	205.06	12.2%
Textiles and other intermediate products (e.g. plastics; rubbers; paper; wood)	112.79	0.5%
Machinery, industrial equipment; computers and peripheral equipment; ships and aircrafts	84.02	0.2%
Furniture, lighting equipment, carpets and other manufacturing n.e.c	66.74	0.5%
Basic metals and fabricated metal products (except machinery and equipment)	38.75	0.2%
Perfumery and cosmetics	22.12	0.0%
Non-metallic mineral products (e.g. glass and glass products, ceramic products)	12.09	0.2%
Household cultural and recreation goods; including toys and games, books and musical instruments	6.22	3.4%
Food, beverages and tobacco	0.29	0.0%

Job losses in Swiss Companies

Counterfeiting creates a significant social cost. In 2021, an estimated 6 000 jobs were lost due to trade in counterfeit goods infringing on Swiss IPR – equivalent to 1.4% of employment across the affected sectors. The highest job losses in absolute terms were observed in the watch and jewellery sector (over 2 500 jobs), followed by electronics and telecommunications (1 870 jobs), and the clothing and footwear sector. In relative terms, the clothing and leather goods sector was the most impacted, with an estimated 10.1% decrease in employment, followed by the watch sector at 4.5%. These figures highlight the broader economic and labour market risks posed by counterfeiting.

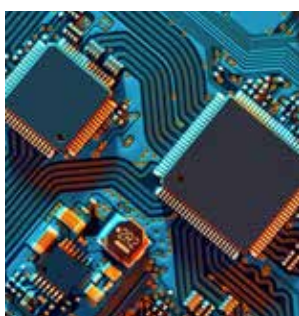
Foregone tax revenues

Counterfeit goods have an important fiscal consequence for the Swiss government. Lower sales and reduced profit margins for Swiss rights holders translate directly into diminished corporate income tax (CIT) revenues. In parallel, the reduction in legitimate business activities leads to fewer employment opportunities, which in turn suppresses revenues from personal income tax (PIT) and social security contributions (SSC).

In total, the estimated tax revenue losses linked to the trade in counterfeit goods infringing Swiss IPR amounted to nearly USD 97.8 million in 2021. Among

TABLE 2. **Estimated job losses in Swiss manufacturing sectors, 2021**

Sector	Lost jobs	Share of employees
Watches and jewellery	2 543	4.2%
Electrical household appliances, electronic and telecommunications equipment	1 870	3.7%
Textiles and other intermediate products (e.g. plastics; rubbers; paper; wood)	592	0.7%
Clothing, footwear, leather and related products	562	10.1%
Machinery, industrial equipment; computers and peripheral equipment; ships and aircrafts	287	0.3%
Furniture, lighting equipment, carpets and other manufacturing n.e.c	154	0.5%
Household cultural and recreation goods; including toys and games, books and musical instruments	15	1.0%



these, foregone Personal Income Tax (PIT) and Social security Contributions (SSC) revenues represented the largest component, reaching an estimated USD 72.5 million. This reflects the strong link between employment levels and labour-based tax contributions.

These estimates are conservative. Such calculations rely on available data on wages, social security rates, employment, and company margins – data that may not fully capture the entire scope of the economic activity affected by counterfeiting. Thus, the real impact on public revenues could be significantly higher.

In addition, the sectoral composition of counterfeiting in 2020–2021 played a role in moderating the fiscal effects. During this period, labour-intensive sectors such as machinery and heavy manufacturing were less targeted by counterfeiters, while more capital-intensive

or export-driven sectors such as watchmaking and electronics were more heavily affected. This sectoral pattern limited the overall impact on employment and therefore suppressed the full scale of potential PIT and SSC losses. Should the structure of counterfeiting shift to more labour-intensive sectors, government revenue losses could become even more pronounced.

The results presented here are only the tip of the iceberg. This analysis does not claim to quantify all the impacts of counterfeit and pirated trade on the Swiss economy. OECD has identified and looked at areas where quantification was possible, but there are certainly many effects of counterfeiting and piracy that cannot be quantified or that will be revealed only in the long term. This includes effects on brand erosion, consumer health and safety, the environment, and on long-term innovation and growth.





4. The Swiss watchmaking industry

How widespread is the trade in counterfeit watches violating Swiss IPR

Swiss watches, renowned for their quality, are top targets for counterfeiters – especially since the rise of e-commerce. Indeed, between 2020 and 2021, 52% of customs seizures of counterfeit watches worldwide concerned Swiss rights holders.

Online platforms make it easier to distribute fake products, while offering anonymity to both sellers and buyers. This environment increases profitability for counterfeiters and shifts the financial risk to consumers, who often bear the loss when counterfeit goods are seized.

In 2021 alone, the estimated value of fake watches infringing Swiss brands was USD 1.88 billion, representing over 40% of the total value of counterfeit goods infringing Swiss intellectual property. This corresponds to 7.7% of the value of Switzerland's legitimate watch exports for that same year.

The trade routes used

China was by far the leading source of fake watches infringing Swiss IPR, accounting for nearly 54% of seizures recorded in 2020–2021, followed by Hong Kong (China) which accounted for approximately 11% of seizures. In terms of the total value of seized counterfeit watches, China and Hong Kong (China) accounted

for 84% of the total estimated value of counterfeit Swiss watches seized during the same period. This underscores their central role in the global distribution of counterfeit watches that violate Swiss IPR.

Analysis of the trade routes highlights the role of the Netherlands as a transit hub in the trade of counterfeit goods infringing Swiss IPR. The country appears both as a source and destination in seizures of fake Swiss watches, reflecting its position as a key hub for the trafficking of counterfeit products. Criminals take advantage of the superior Dutch infrastructure, abusing it to smuggle fakes. This demonstrates the complexity of distribution networks and the importance of the abuse of transit hubs to facilitate the international flow of counterfeit products.

Transport modes

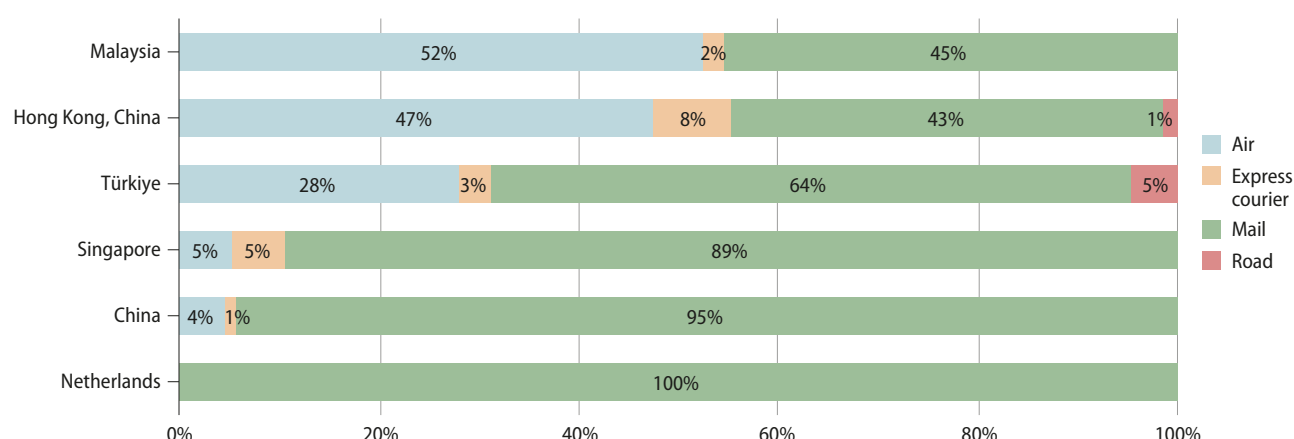
The shipment of counterfeit goods during 2020–2021 were clearly sent primarily via postal services. Indeed, postal shipments were the primary mode of transport for four of the six main economies of provenance (Figure 3).

Air transport played a significant role in the trade of counterfeit Swiss watches, particularly for goods originating from Hong Kong (China) and Malaysia, highlighting their importance in the international movement of these illegal products.



FIGURE 3. Transport modes for exports of seized counterfeit watches infringing Swiss IPR, by top provenance economies (2020-21)

In terms of number of seizures



The economic impact of counterfeiting on the Swiss manufacturing sector

The economic damage caused by counterfeiting in the Swiss watch sector is considerable. In 2021, counterfeiting of Swiss-branded watches resulted in estimated sales losses of USD 1.08 billion – equivalent to 4.2% of the sector's total sales for that year. These losses were accompanied by the destruction of approximately 2 537 jobs, corresponding to 4.5% of total employment in the industry. These figures clearly demonstrate the tangible threat that counterfeiting poses to one of Switzerland's most emblematic and economically significant sectors.

It is important to interpret these figures within the broader context of enforcement challenges. Notably, the COVID-19 pandemic led to a temporary reduction in seizure activity as customs and law enforcement agencies reallocated resources toward pandemic-related tasks. At

the same time, the growing complexity of international trade routes, the widespread use of intermediaries, and the exponential rise in small parcel shipments linked to e-commerce have made the detection of counterfeit goods increasingly difficult. These dynamics have created new blind spots in enforcement systems; counterfeiters have been quick to exploit these.

The Federation of the Swiss Watch Industry (FH)

The Federation of the Swiss Watch Industry (FH) plays a key role in combating counterfeiting through prevention, enforcement, legal advocacy, and public outreach. It supports authorities with technical expertise and training, raises consumer awareness, advocates for stronger IP laws, and monitors online platforms to remove counterfeit listings. These coordinated efforts help safeguard the integrity and global reputation of Swiss watchmaking.

5. How small parcel shipments present a growing threat in the context of Swiss IPR infringements

The rapid growth of online retail and digital marketplaces has transformed global trade patterns. Although e-commerce offers major economic opportunities, it has opened new channels for illicit trade. Criminal networks have adapted quickly, exploiting with minimal risk fast, fragmented, and low-value consignments to move fakes across borders. These small parcels are not only less likely to be inspected due to their low declared value and volume, but they frequently fall below national thresholds for customs scrutiny.

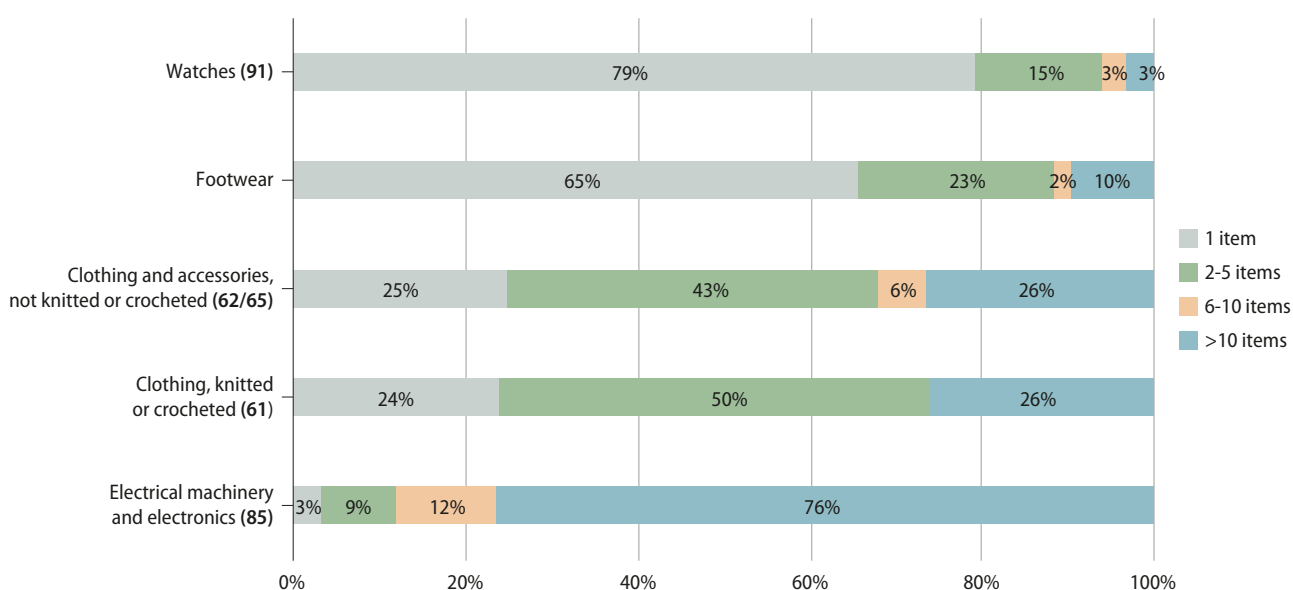
For enforcement authorities, this shift presents serious operational challenges. The sheer volume and speed of e-commerce-driven shipments strain inspection resources, making it increasingly difficult to identify and intercept counterfeit goods. Traditional risk-based profiling systems are less effective in this environment as traffickers deliberately conceal illicit items within innocuous-looking personal shipments. This shift has enabled counterfeiters to reduce exposure while maintaining high distribution efficiency, making the small parcel model a preferred method of operation.

Globally, the share of customs seizures involving small parcels increased from 61% in the 2017–2019 period to nearly 80% in 2020–2021. This trend is more pronounced when it comes to counterfeit goods infringing Swiss IPR; in 2020–2021, 94% of all such seizures involved shipments of fewer than ten items. This underscores the degree to which Swiss-branded products, particularly high-value goods such as watches, are trafficked via fragmented, low-volume channels that are designed to evade enforcement.

Further sectoral analysis reveals important differences in the use of small parcels across product categories (Figure 4). In most sectors targeted by counterfeiters, small shipments represent the vast majority of seizures. The most extreme case is the Swiss watchmaking sector, where 97% of all seizures involved small parcels. This reflects at once the high unit value of Swiss watches and the ease with which they can be discreetly packaged and shipped. The clothing sector (classified under HS codes 61 and 62/65) also shows significant use of small parcel trafficking, although to a slightly lesser extent with 74% of seizures involving fewer than ten items.

FIGURE 4. Shipment size of counterfeit goods infringing Swiss IPR for selected sectors suffering from counterfeiting, 2020-21

As a share of number of global seizures



Trade routes

China plays a more prominent role in terms of the value of seized counterfeit goods shipped in small parcels. Specifically, 44% of the total value of small parcel seizures involving counterfeit goods violating Swiss IP originated from China in 2020-2021 (Figure 5), compared to 30% in the broader context that includes all shipment sizes.

In contrast, Hong Kong (China) appears to play a less significant role in the small parcel category. Notably, Malaysia stands out as a key source economy in this area, accounting for nearly 15% of the total seized value of small parcels containing counterfeit goods infringing Swiss IP rights.

These differences highlight the importance of tailoring enforcement strategies to shipment types as source economies may vary depending on the logistics and scale of counterfeit trade.

In the context of small parcel trade, China's dominant role is particularly notable. This trend reflects a specific method used by counterfeiters which involves exploiting postal services in certain European countries that offer specialised programmes for the mass

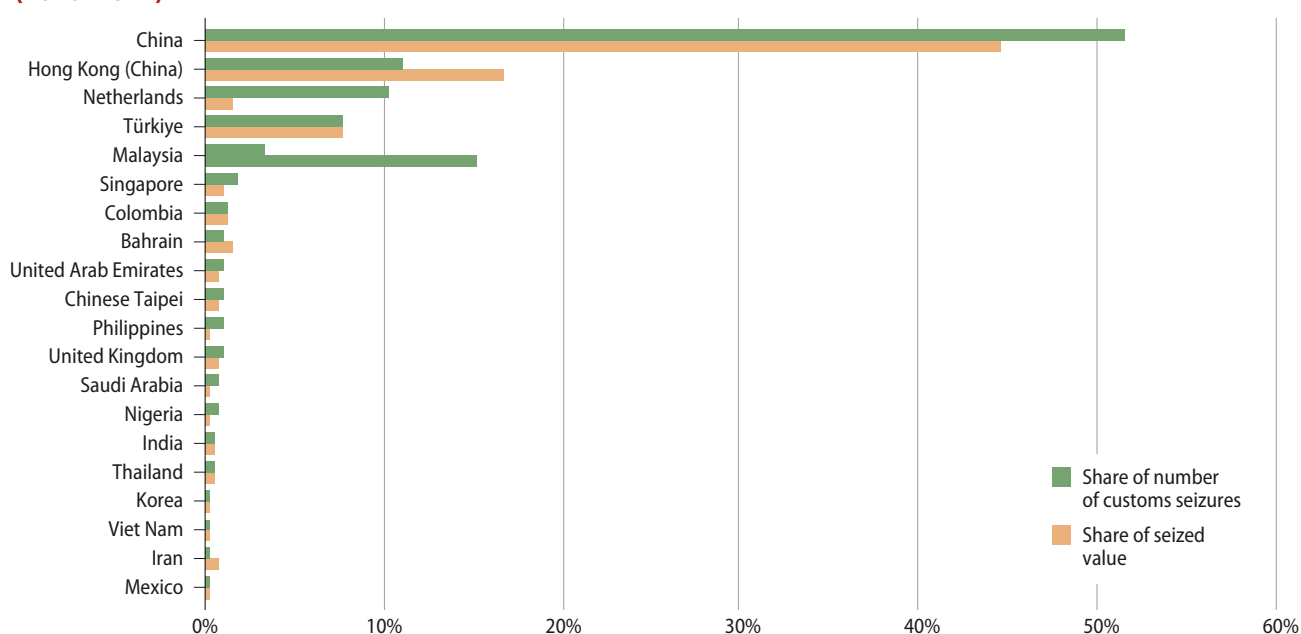
importation of parcels from China. These parcels are then redistributed – often across Europe – using a business-to-business-to-consumer (B2B2C) model. This practice effectively turns certain countries into “relay hubs,” allowing counterfeiters to obscure the Chinese origin of the goods, thereby making detection and enforcement by customs authorities significantly more difficult.

Having identified this tactic, the FH undertook awareness-raising initiatives with the Universal Postal Union (UPU) and relevant customs authorities. These efforts have led to enhanced scrutiny and controls on postal shipments transiting through European countries which are known to be part of this distribution chain.

Shipping methods

Postal services and air transport were the primary modes used to ship small parcels containing counterfeit goods that infringe Swiss IPR in 2020-21. These two channels account for the vast majority of such shipments. It is worth noting that express courier services are rarely used in the trade of counterfeit goods infringing Swiss IP rights; express shipments account for only 3% of these seizures, compared to 17% of global seizures in 2020-21.

FIGURE 5. **Provenance economies of counterfeit goods infringing Swiss IPR in small parcel shipments (2020–2021)**

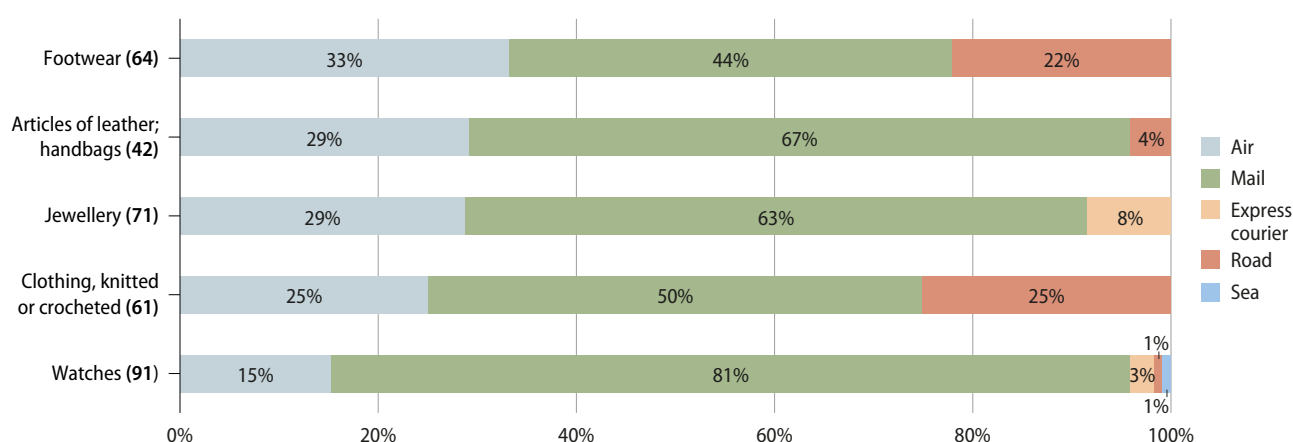


Source: OECD Global customs seizure.



FIGURE 6. Transport modes of counterfeit products infringing Swiss IPR shipped on small parcels (2020–21), by main affected sectors

As a share of global customs seizures



Source: OECD Global customs seizure.

Figure 6, which breaks down transport modes by the main Swiss sectors affected by counterfeiting, reveals notable differences across product categories. While postal services play a dominant role in the distribution of counterfeit goods across all sectors, their relative importance varies significantly. For example, postal shipments account for 80% of seizures involving counterfeit watches, compared to 44% for counterfeit shoes.

Air transport emerges as the second most common mode overall, with its use varying by sector. It is particularly prevalent in the trade of counterfeit shoes, representing 33% of seizures in that category. By contrast, only 15% of counterfeit watch seizures involved air transport, marking the lowest reliance on this mode among the sectors analysed.

Road transport is also a relevant channel, especially for counterfeit clothing and footwear, accounting for

25% and 22% of road-based seizures respectively. This is closely linked to the geographical provenance of the counterfeit goods. While China and Hong Kong (China) are the primary source economies for counterfeit Swiss-branded products overall, Türkiye plays a significant role in specific categories. It is the leading provenance country for counterfeit clothing infringing Swiss IPR – accounting for over 39% of such seizures – and the second-largest source of counterfeit shoes (23.5%).

Türkiye's geographic proximity to Europe and its production focus on clothing and footwear help explain the prominence of road transport in these categories. Close to 70% of seizures involving counterfeit goods transported by road originated from Türkiye.

Customs data reveal that seizures of counterfeit goods infringing Swiss IPR are generally small in scale. On average, each seizure contains fewer than two items – specifically 1.56 articles per case over 2020–21.



6. Concluding remarks

Switzerland's global reputation for quality, precision, and innovation has made its brands highly attractive targets for counterfeiters. As noted above, the scope and scale of counterfeiting affecting Swiss IPR are substantial and growing. Although multiple sectors are impacted, the Swiss watchmaking industry is disproportionately affected, accounting for 87% of all global seizures of counterfeit goods violating Swiss IPR.

Counterfeiters continue to adapt their methods by leveraging increasingly complex trade routes and sophisticated distribution methods. The widespread misuse of global postal and courier systems – particularly for small parcel shipments – has enabled traffickers to evade detection more effectively. This shift has been accelerated by the growth of e-commerce and the widespread adoption of direct-to-consumer business models. At present, nearly three-quarters of all seizures involving counterfeit



Swiss goods are single-item shipments, reflecting the fragmentation and decentralisation of illicit trade.

Despite the challenges posed by the COVID-19 pandemic, which disrupted enforcement operations and customs inspections, the threat posed by counterfeits has not diminished. The economic cost remains significant and continues to grow. In 2021, counterfeiting was responsible for an estimated USD 3 billion (CHF 2.73 billion) in lost sales across affected Swiss industries and the destruction of over 6 000 jobs. These figures represent a real and immediate burden on Swiss manufacturers, particularly in sectors that depend heavily on brand integrity and consumer trust.

The damage is not limited to the private sector. The Swiss government also bears a fiscal burden, with estimated tax revenue losses of nearly USD 97.8 million (CHF 88.9 million) in 2021. These include foregone revenues from corporate income tax, personal

income tax, social security contributions, and VAT – exacerbating pressures on public finances.

The findings underline the multifaceted nature of counterfeiting and the urgency to strengthen the response. Combating this evolving threat requires co-ordinated action across borders and sectors, involving not only customs and enforcement agencies, but also industry stakeholders, digital platforms, and postal operators. Consumer awareness, legal reforms, and technological innovation will all play critical roles in shaping an effective and sustainable policy response.

Switzerland's leadership in high-value manufacturing and its prominence in global trade make it particularly vulnerable to the risks of illicit trade. Yet these characteristics also position the country to lead international efforts in reinforcing the protection of intellectual property, supporting legitimate trade, and upholding the integrity of global value chains.



Counterfeiting, Piracy and the Swiss Economy 2025

The strong international reputation and high value of Swiss brands are a key driver behind Switzerland's economic success, but also make its economy vulnerable to counterfeiting.

This OECD report uses a tailored methodology to assess the scope and economic impact of illicit trade in counterfeit goods that infringe on the intellectual property rights (IPR) of Swiss companies. In 2021, the global trade value of counterfeit goods infringing on Swiss IPR was USD 4.7 billion, accounting for 1.3% of total Swiss exports.

The effects of illicit trade in fake "Swiss made" goods are significant. That same year, Swiss industries lost an estimated USD 3 billion in sales, and over 6,000 jobs were lost in Switzerland. Additionally, the government lost close to USD 97.8 million in foregone tax revenue. The watchmaking sector experienced the highest sales losses, followed by electronics, clothing, and leather goods. These findings reveal vulnerabilities in the Swiss economy and underscore the need for ongoing monitoring and co-ordinated international action to combat counterfeiting and enhance IPR protection.



<https://www.oecd.org/en/topics/illicit-trade.html>

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