

## TRACIT welcomes USTR 2022 Notorious Markets Report

- USTR spotlights the economic damages inflicted on the US economy, workers and legitimate companies caused by counterfeit and pirated goods sold in physical and online markets.
- The Report identifies 39 online and 33 physical markets selling counterfeit and pirated goods.
- TRACIT agrees with the USTR's findings that many ecommerce and social media platforms have stepped up but more must be done to protect consumers, workers and legitimate sellers.

**Washington, DC, February 2, 2023** – The Transnational Alliance to Combat Illicit Trade (TRACIT) applauds the United States Trade Representative (USTR) for annually reviewing and reporting on the foreign online and physical markets that sell counterfeit and pirated goods. Today, the USTR released its 2022 Review of [Notorious Markets for Counterfeiting and Piracy report](#) (NML) naming 39 online and 33 physical markets.

These are markets known for facilitating the trade of fake and substandard goods that threaten consumers' health and safety; exploit workers who are manufacturing and distributing counterfeit and illicit products; deprive legitimate businesses of sales revenues that could be invested in jobs and innovation and harms their reputations with look-alike fake products; rob governments of tax revenues that could be invested in necessary government and community services; and line the pockets of criminal organizations.

"USTR's annual in-depth reviews drive change," said TRACIT Director-General Jeffrey Hardy. "Some platforms identified as a Notorious Market are responsive and engage in activities to improve their procedures. Others, however, tend to substitute public relations campaigns for meaningful improvements. So, while USTR notes some improvement, much more must be done to protect consumers, workers and legitimate businesses."

This year's report focuses on online piracy and its impact on the economic security of workers in the entertainment, media and other creative industries. For example, USTR reports that digital video piracy, such as illegal downloads and streaming of film and television productions, results in the estimated annual loss of up to 230,000 US jobs and \$45.7 billion in reduced GDP. In an effort to elucidate these losses, USTR cited TRACIT's recent study: *Examining the negative impacts of illicit trade on SDG 8 (Sept. 2022)*, highlighting the impacts of illicit trade (including trade in counterfeit and pirated goods) on decent work and inclusive economic growth.

USTR also re-emphasized its focus from last year on the adverse impact of counterfeiting on workers involved in the manufacture of counterfeit goods. Since publishing the 2021 NML, USTR noted steps taken by organizations such as TRACIT, which endorsed the Trilateral Statement by Trade and Labor Ministers of the United States, Japan, and the European Union to upgrade efforts to fight forced labor.

"We called on those governments to account for the interconnected nature of forced labor and illicit trade, including the production and sale of counterfeit goods, so as to ensure that laws and regulations generally pertaining to preventing forced labor will specifically include the investigation of forced labor used in the course of illicit economic activity," said Mr. Hardy.

Additional information regarding this topic can be found in TRACIT's 2021 report: [The Human Cost of](#)

[\*Illicit Trade: Exposing Demand for Forced Labor in the Dark Corners of the Economy\*](#), which outlined how criminal organizations utilize forced labor in dangerous working conditions to manufacture and distribute counterfeit and illicit products outside fair labor regulations and government oversight.

TRACIT also welcomed the USTR's spotlight on "fraudulent advertisements and links to fake websites misleading users into unknowingly purchasing counterfeit products through both e-commerce and social commerce platforms." [In its comments to USTR](#), TRACIT highlighted the significant growth in this newer channel for routing unsuspecting consumers to counterfeit and substandard products: "Fraudulent advertising on social media platforms, e.g., Facebook Marketplace and Instagram, is a devious form of online fraud intended to route social media users to rogue websites set up to sell counterfeits, cultivate bait and switch scams, steal personal financial information or otherwise put at risk the internet's growing population of social media users. These may be American-based platforms, but they serve over 1.4 billion users worldwide, equivalent to over 3 times the entire population of the US."

In those comments, TRACIT had noted that Amazon, Facebook and Instagram are also prime hotspots for counterfeiters, even though their US provenance precludes them from USTR scrutiny. Nonetheless, until real progress is made by these platforms, counterfeiting will remain a risk to their worldwide community of users.

"USTR should continue these annual reviews, keeping pressure on ecommerce and social media platforms to better vet their sellers and bar bad actors," urged Mr. Hardy. "That's why new legislative initiatives like INFORM and SHOP SAFE are absolutely necessary."

TRACIT applauded last Congress's passage of The INFORM Consumers Act, which increases transparency and accountability by requiring sensible verification and disclosure requirements designed to disrupt the ability of criminals to sell illicit goods.

"TRACIT calls on Congress to re-introduce and pass the bipartisan SHOP SAFE Act to enhance consumer protection for ecommerce purchases," said Mr. Hardy. "It's time ecommerce and social media platforms are liable for selling counterfeit and illicit products that harm consumers."

To learn more about the work that TRACIT is doing to combat forced labor in illicit trade and to strengthen consumer protections against illicit trade across industries, including human and wildlife trafficking, please visit [www.TRACIT.org](http://www.TRACIT.org).

### **About TRACIT**

The Transnational Alliance to Combat Illicit Trade ([TRACIT](#)) is an independent, private sector initiative to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilizing businesses across industry sectors most impacted by illicit trade.

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