



Intellectual Property Rights

Seizure Statistics: Mid-Year FY 2007

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U.S. Customs and Border Protection

Executive Summary

- The domestic value of goods seized for intellectual property rights (IPR) violations at the mid-year point of FY 2007 increased by 141% to \$110.2 million (M) from \$45.7M at the mid-year point of FY 2006.
- The number of IPR seizures increased by 22%, from 5,940 to 7,245.
- China was the top trading partner for IPR seizures at mid-year FY 2007 with a domestic value of \$89.2M, accounting for 81% of the total value seized.
- Footwear was the top commodity seized at mid-year FY 2007 with a domestic value of \$39.7M, which accounted for 36% of the entire value of infringing goods.
- Watches and parts, pharmaceuticals, footwear, and consumer electronics had significant increases in domestic value at mid-year FY 2007 over mid-year FY 2006 values.



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Value and Number of IPR Seizures

IPR is a Priority Trade Issue for CBP

Both the number and value of
of IPR seizures rose
dramatically in the first half of
FY 2007.

- The domestic value of IPR seizures in the first half of FY 2007 increased 141% to \$110.2M from \$45.7M in the first half of FY 2006.
- The number of IPR seizures in the first half of FY 2007 increased 22% to 7,245 from 5,940 in the first half of FY 2006.



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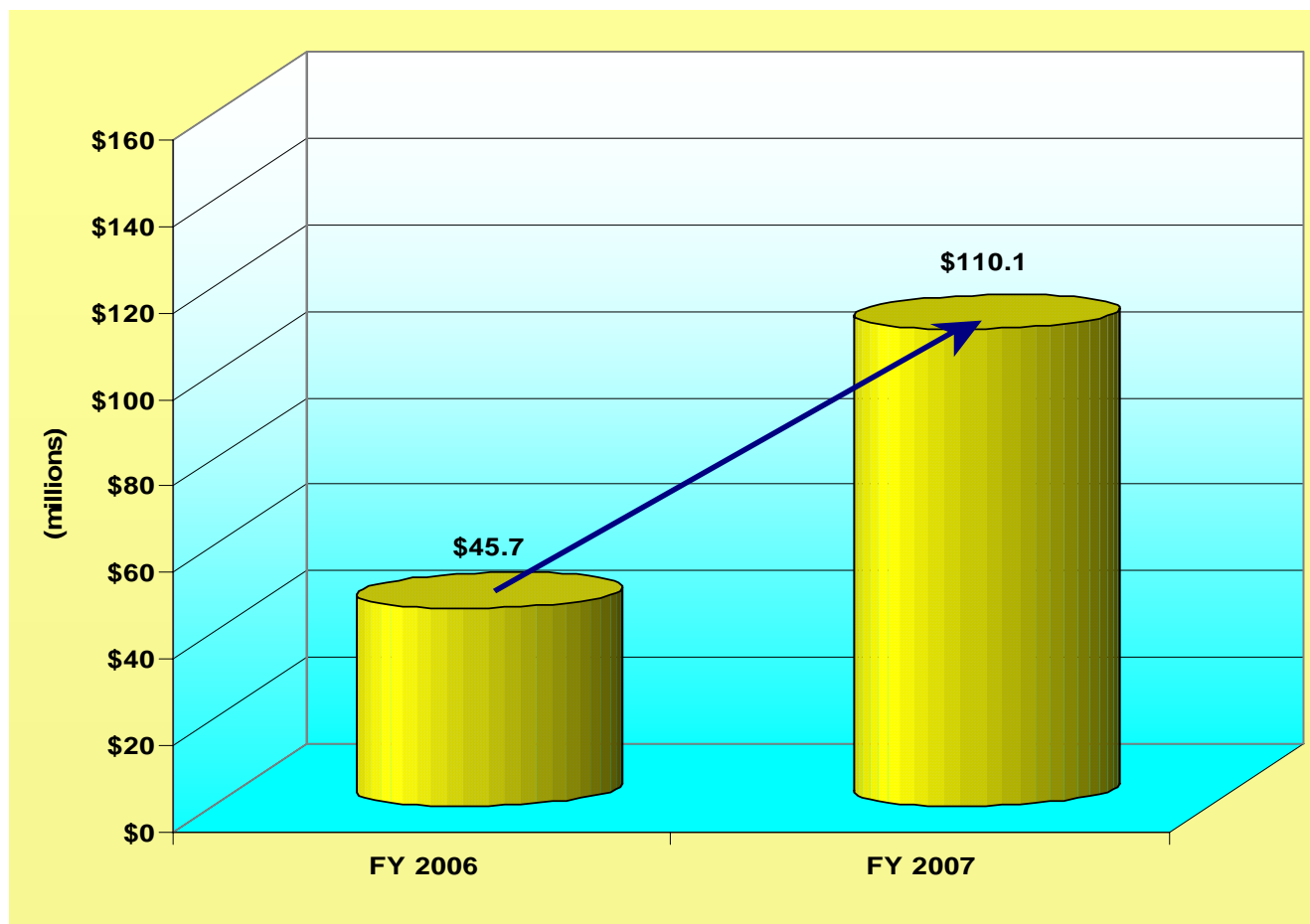
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Intellectual Property Rights Seizures

Total Value of IPR Seizures – Mid-Year FY 2006 vs. Mid-Year FY 2007

The value of IPR seizures increased 141% from mid-year FY 2006 to mid-year FY 2007.



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Top Commodities Seized

Footwear Seizures Dominate Top Spot

The domestic value of footwear seizures increased more than \$33M over the the mid-year FY 2006 value.

More than 32% of all mid-year FY 2007 IPR seizures contained footwear.

- Footwear from China accounts for 97.3% of all IPR infringing footwear.
- While the number of IPR footwear seizures has declined by almost 7% at mid-year FY 07, the number of seizures with a domestic value greater than \$100,000 increased from 12 in mid-year FY 06 to 133 in mid-year FY 07 (an increase of 1008%.)
- Approximately 55% (74) of IPR footwear seizures valued greater than \$100,000 involved attempts to smuggle the goods into the United States.



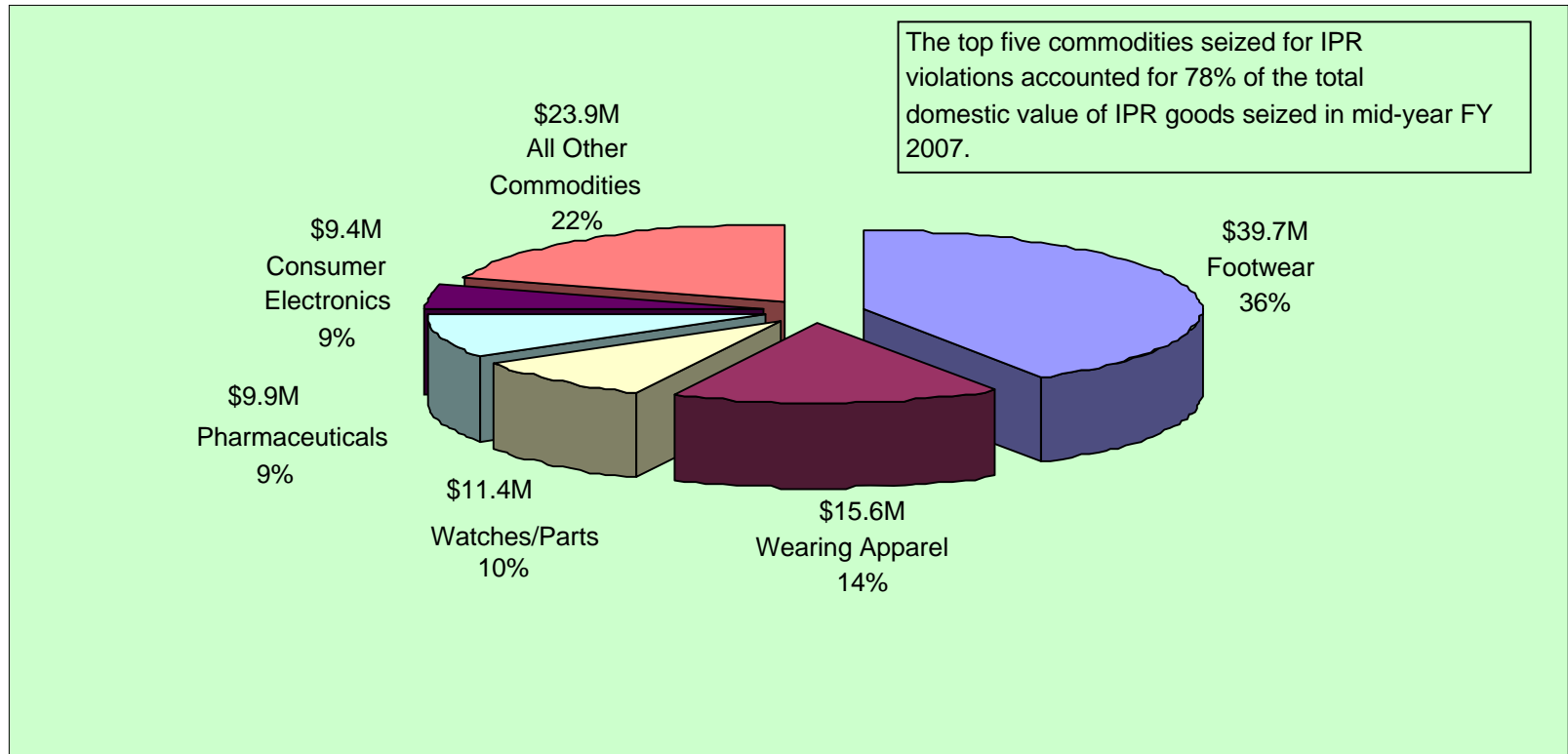
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Top Commodities Seized

Top Five Commodities Seized Mid-Year FY 07



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Top Commodities Seized

Percentage Change by Value – Mid-Year 2007 vs. Mid-Year 2006

| Mid-Year FY 2007 Commodity | Mid-Year FY 2007 Domestic Value | % of Total Value | Mid-Year FY 2006 Domestic Value | Difference FY07 vs. FY06 | % Increase or Decrease |
|---|------------------------------------|---------------------|------------------------------------|-----------------------------|---------------------------|
| Footwear | \$ 39,736,666 | 36% | \$ 6,475,673 | \$ 33,260,993 | 514% |
| Wearing Apparel | \$ 15,695,645 | 14% | \$ 10,003,637 | \$ 5,692,008 | 57% |
| Watches/Parts | \$ 11,461,039 | 10% | \$ 1,234,663 | \$ 10,226,375 | 828% |
| Pharmaceuticals | \$ 9,930,473 | 9% | \$ 1,306,826 | \$ 8,623,647 | 660% |
| Consumer Electronics | \$ 9,418,165 | 9% | \$ 2,151,796 | \$ 7,266,369 | 338% |
| Handbags/Wallets/Backpacks | \$ 7,464,525 | 7% | \$ 4,326,673 | \$ 3,137,852 | 73% |
| Computers/Hardware | \$ 4,315,743 | 4% | \$ 7,973,816 | \$ (3,658,073) | -46% |
| Media | \$ 4,175,134 | 4% | \$ 4,028,442 | \$ 146,692 | 4% |
| Jewelry | \$ 1,410,780 | 1% | \$ 701,451 | \$ 709,329 | 101% |
| Toys/Elec. Games/Trading Cards | \$ 1,083,048 | 1% | \$ 1,210,267 | \$ (127,219) | -11% |
| All Other Commodities | \$ 5,507,133 | 5% | \$ 4,238,745 | \$ 1,268,388 | 30% |
| Total Domestic Value of All IPR Seizures | \$ 110,198,350 | | \$ 45,741,015 | \$ 64,457,335 | 141% |
| Total Number of Seizures | 7,245 | | 5,940 | 1,305 | 22% |

Single multi-million dollar seizures of **Pharmaceuticals & Watches/Parts** account for much of the increases in seized value for these commodities



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Top Trading Partners

China remains the top trading partner for IPR violations

Mid-year FY 2007 seizures of IPR infringing products from China totaled \$89.2M and accounted for 81% of the total domestic value for all IPR seizures.

- Hong Kong's \$6M in seized value makes it the second most significant trading partner by value for IPR seizures.
- No other trading partner accounted for more than \$3M, or 3%, of the mid-year FY 2007 total domestic value.
- For the first time, Egypt ranks among the top five trading partners for IPR violations.



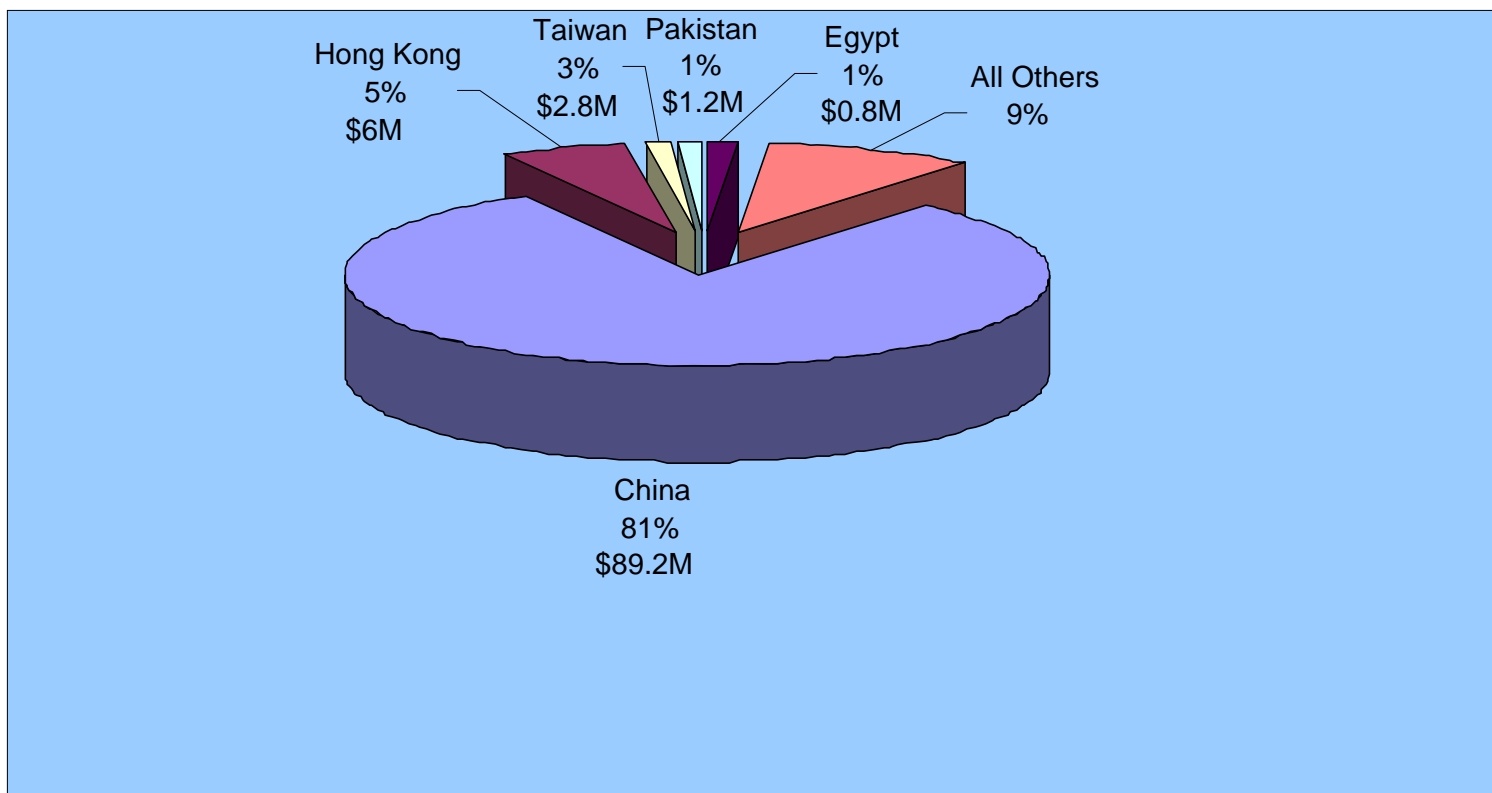
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Top Trading Partners

Top Countries by Value for IPR Seizures – Mid-Year 2007



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Top Trading Partners

Percentage Increase by Value – Mid-Year FY 2007

| Trading Partners Mid Year FY 2007 vs. Mid Year 2006 | Mid-Year FY 2007 Domestic Value | % of Total Value of IPR Seizures | Mid-Year FY 2006 Domestic Value | Difference FY07 vs. FY06 | % Increase or Decrease |
|--|------------------------------------|-------------------------------------|------------------------------------|-----------------------------|---------------------------|
| China | \$ 89,173,214 | 81% | \$ 34,307,169 | \$ 54,866,045 | 160% |
| Hong Kong | \$ 5,955,476 | 5% | \$ 2,481,820 | \$ 3,473,656 | 140% |
| Taiwan | \$ 2,779,084 | 3% | \$ 439,000 | \$ 2,340,084 | 533% |
| Pakistan | \$ 1,202,520 | 1% | \$ 510,114 | \$ 692,406 | 136% |
| Egypt | \$ 821,650 | Less than 1% | \$ - | NA | NA |
| Canada | \$ 810,230 | Less than 1% | \$ 72,183 | \$ 738,047 | 1022% |
| United Kingdom | \$ 801,938 | Less than 1% | \$ 10,367 | \$ 791,571 | 7635% |
| Colombia | \$ 720,122 | Less than 1% | \$ 46,138 | \$ 673,984 | 1461% |
| Kenya | \$ 534,521 | Less than 1% | \$ 4,275 | \$ 530,246 | 12403% |
| Lesotho | \$ 506,265 | Less than 1% | \$ - | NA | NA |
| All Others | \$ 6,893,330 | 6% | \$ 4,630,078 | \$ 2,263,252 | 49% |
| Total Domestic Value of All IPR Seizures | \$ 110,198,350 | | \$ 45,741,015 | \$ 64,457,335 | 141% |
| Total Number of Seizures | 7,245 | | 5,940 | 1,305 | 22% |

Egypt, Canada, United Kingdom, Colombia, Kenya and Lesotho were not among the top 10 trading partners last year. High value wearing apparel shipments accounted for seizures from **Egypt, Kenya, and Lesotho**. Computer/hardware and consumer electronics accounted for seizures from **Canada and Columbia**.



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