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The Economic Loss of Piracy and Smuggling in Brazil: R\$160 Billion are Lost Annually

05 April 2024

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The battle against piracy is a persistent challenge in our society, and the unauthorized reproduction of products, misuse of intellectual property, and violation of copyright of intellectual works pose serious problems for the country. Annually, piracy and smuggling cause an estimated economic loss of R\$160 billion for Brazil. Given this scenario, it is imperative to adopt effective measures to combat piracy to mitigate the harmful consequences of this practice.

The importance of combating piracy lies in several aspects. This practice is deeply rooted in the population's habits, ranging from electronic games to clothing and accessories, characterized by the attraction of lower prices. However, it is crucial to modify these behaviors, as piracy harms society as a whole. In addition to negatively impacting legitimate commerce, piracy contributes to: reduced tax collection; decreased job creation; encouragement of

organized crime; and offering low-quality products, which can result in accidents, poisoning, and other problems for consumers.

Hence, although piracy may often seem harmless, its consequences are serious. Combating this practice becomes a fundamental role for legitimate companies that supply original products. Given this scenario, what are the main strategies to combat piracy?

One of the main reasons consumers opt for pirated products is their affordability. Therefore, a crucial measure in combating piracy is to carry out consumer awareness campaigns alongside guidance on how to identify counterfeit products. By presenting the situation comprehensively and highlighting the problems associated with this practice, it is possible to educate consumers so that they abandon this habit.

Another strategy adopted is governmental actions to combat piracy. The National Council to Combat Piracy – CNCP, plays an extremely relevant role in addressing this challenge. Its responsibility involves the implementation of methods and the development of guidelines to combat piracy, tax evasion, and violations of intellectual property. In this way, the CNCP contributes by proposing repressive, educational, and economic actions that cover the entire society in this context.

Last but not least, another essential practice is the combination of administrative measures, such as strengthening customs inspections, judicial measures related to the criminal and civil spheres to bolster the fight against piracy, and police actions to crack down on these crimes.

DEIC, which corresponds to the State Department of Criminal Investigations, is an executive body of the Civil Police of the state of São Paulo. As a police intelligence unit, it plays a crucial role in several areas, such as cybercrime, property, fraud, violence, drug trafficking, intellectual property, personality rights, and privacy, in addition to addressing issues related to the laundering or concealment of illicit assets.

Its main mission is to conduct judicial police activities to investigate crimes with known and unknown perpetrators. Furthermore, it is responsible for planning and carrying out strategic actions aimed at repressing organized crime in the State of São Paulo.

Recently, in one of these actions, they seized over 30,000 counterfeit bags in stock on Rua Augusta in the center of São Paulo. According to chief police officer Wagner Carrasco, they were stored in a warehouse in the basement of a building and supplied to popular stores. Removing them from the site required the use of a van and two trucks, which were filled with the goods.

According to police information, the individual responsible for this storage was identified, taken to the DEIC, questioned, provided clarifications, and will face charges for crimes against industrial property. This crime has negative impacts on the commercial sector; the sale of such products in establishments affects those operating legally, especially with regard to unfair competition and tax issues, declares the chief police officer.

Joint actions to combat piracy carried out by the Civil Police of the State of São Paulo through DEIC and the São Paulo City Hall focus on the commercialization of counterfeit products that,

in addition to problems related to intellectual property infringement and tax evasion, present serious risks to consumers.

Therefore, we know that piracy causes losses for all involved parties: the consumer, exposed to products of questionable quality; the industry, facing a drop in sales and a reduction in investments and jobs; traders and importers who operate legally, suffering from unfair competition; and governments, experiencing a decrease in revenue. The only entity benefiting is organized crime, which gains substantial profits through illegal trade in Brazil, and there is also information indicating that commercialization of this type and piracy practices may finance other crimes, some of a more serious nature.

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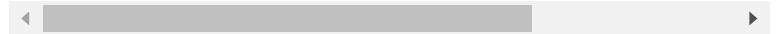
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