

THE ROLE OF COUNTERFEIT GOODS IN NATIONAL ECONOMY

Counterfeit goods are goods that have been altered in order to make them appear as if they are from an authentic source. Although counterfeit goods are often associated with cheap or low-quality items, that is not always the case. In some instances, counterfeit goods may be made from decent materials that make it look exactly like the original product, but the person or company selling them is not legally allowed to do so.

The practice of counterfeiting goods involves the unauthorized use of labels, logos, trademarks, and sometimes even patent designs. Businesses – both small and large – use trademarks to help consumers identify their products. A trademark is most often a word, phrase or symbol that identifies the source or origin of particular goods or service sold in commerce. So by making or selling a counterfeit, criminals seek to profit unfairly from the trademark owner's reputation.

Counterfeit goods follow the commercial success of an enterprise therefore there is no use in counterfeiting unknown brands which are not in demand. This is why the products of Rebock, Levi's, Nike, Adidas and Hugo Boss are often counterfeited.

The impact and consequences of counterfeiting are far-reaching. It is not only about infringements of intellectual property rights, it is also about the direct threat these goods pose to consumer health and safety, infractions of labor legislation, unfair competition and revenue losses for national governments and the business community [6, p. 266].

Counterfeiting has a direct effect on government expenses and tax revenues. It has an adverse impact on employment too, which is experienced by the retailers, suppliers, and supply chain.

Let's consider the economic impacts of counterfeit goods. Counterfeiting is harmful to the rightful Business:

- Lowers demand for legitimate goods and services resulting from illicit trade which reduces business revenues.
- Affected companies incur additional costs for conducting investigations and litigation to protect their IPR against infringement.

- Production and sale of counterfeit products damages the reputation of the trademarks concerned, in as much as those products are defective and/or harmful. This problem is particularly acute for small and medium-sized enterprises.

Counterfeiting has negative influence on the Consumers:

- Consumers buying worthless products that drain their pockets – exchange of value for no value – lose their hard earned money. Victims of deceptive practices – fake instead of genuine

- The quality of the products may be inferior, making them unusable or ineffective.

- Counterfeited products may also be harmful to consumers, as they are often produced without due regard to the health and safety standards applicable.

Counterfeiting is bad for Job Market:

- The decline in the sales and profits of the genuine companies whose products are copied finally results in job losses.

As a consequence, counterfeiting has a negative impact on Society at large:

- Discourages research and innovation, thus making it more difficult and economically unattractive to find a solution to some of the most pressing challenges faced by modern societies.

- Additionally, public revenues are affected by unpaid duties and taxes.

- Buying products that injure the consumer and cause hospitalization – lose money while buying, lose money on treatment, and lose time while hospitalized.

Counterfeit products are made and sold with the deliberate purpose of tricking consumers into thinking that the fake product is, in fact, genuine. There are some pieces of advice for identifying counterfeit goods:

- Very low price, some prices too good to be genuine

- Blurred lettering,

- Poor quality packages/containers,

- Tampered seams and packages,

- Ragged and poor quality labels,

- Badly fixed trade marks,

- Strange codes, reference numbers, telephone numbers, warranties and claims.

- Altered trade marks

- Sudden package change with words such as “special edition”.

The production and sale of counterfeit goods is a global problem which requires a global response. It is a multi-billion dollar problem and one that has serious economic and health ramifications for Governments, businesses and consumers.

The member States of the Eurasian Economic Union (hereinafter referred to as the member States of the Eurasian Economic Union) are actively engaged each year in combating the proliferation of counterfeit goods and in consolidat-

ing the efforts of member States in this regard, However, significant reductions in counterfeit goods have not been achieved.

Implementation of the Agreement on the Coordination of Action for the Protection of Intellectual Property Rights of 8 September 2015 and the Agreement on Communication between the Eurasian Economic Commission and the authorized bodies of EEC member States. The Commission collects and compiles information on enforcement results in member States in the area of intellectual property rights protection.

Speaking about Belarus most of the counterfeit goods detected were cigarettes (61.5 per cent), spare parts (16.4 per cent), clothing and footwear (62 per cent), lighters (6 per cent) and fertilizers (5 per cent). The origin countries of most of the detected counterfeit goods are Germany, Russia and China.

Counterfeiting damages a company's reputation and consumer confidence in the global market. It affects businesses and consumers alike by sowing mistrust in genuine products made by reputable brands. The act of counterfeiting not only harms consumers but also imparts a massive blow to the economy of any country. All countries make a joint effort against counterfeit products. Together they determine to pool their forces with the objectives of pushing the fight against counterfeiting and piracy up the global political and business agenda. All of these measures will definitely help in fighting against counterfeit goods and ensure the economic security of countries.

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SOME RISKS OF TECHNICAL AND TECHNOLOGICAL MODERNIZATION OF INDUSTRIAL ENTERPRISE

Following the criteria of the economic interests of the enterprise, (in particular, the improvement of economic indicators), one of the predominant methods for achieving them is technical and technological modernization. However, there are a number of risks and barriers to the implementation of such an economic strategy for an individual enterprise (when considered at the national level). One of the barriers is the insufficient investment base. The mediation of potential investors by the external realities of the development of technological structures that concentrate investments in other industries does not form a favorable investment climate.

One of the reasons for the vulnerability of the financial base of enterprises is the relatively low level of state support, which is a consequence of the weakness of the competitive level of monetary mechanisms of the national banking system. S. Yu. Solodovnikov highlights, using the example of the development of the concept of new industrialization in the Republic of Belarus? that “the development of Industry 4.0 <...> requires finding long and cheap money both to finance domestic industry and to develop cross-country technological cooperation. Without strong state-owned banks in the Republic of Belarus, this cannot be achieved” [1, p.69]. Also, V. F. Baynev, emphasizing the importance of accelerated technical and technological modernization of the economy, highlights the importance of the financial component saying that “the need for financial support for this technological shift requires a radical revision of the principles for implementing socio-economic, primarily monetary and fiscal policy” [2,