



## **Anti-Counterfeiting Statement European Semiconductor Industry Association**

"This panel mentioned several times 'electronic chips' and talked about the safety threats through counterfeited goods. The next panel will discuss how to better control the international trade flows of counterfeit. This seems like a good time to intervene on behalf of an industry caught in the middle of both discussions. As Chairman of the Anticounterfeiting Task Force of the European Semiconductor and security representative of German-based Infineon Technologies.....or 'electronic chip'..... Industry Association, I can confirm the concerns raised so far.

Let me recall the results of a mere 2 week joint EU - US customs operation in 2007: 360 000 counterfeit integrated circuits from 40 brands were seized at import hubs. These numbers only represent the tip of the iceberg. I can assure you this number is increased 10 fold when you consider....unfortunately...the shipments that successfully enters our borders and becomes known only when reported to a brand owner. As you know, semiconductors are everywhere today - they make computers, mobile phones, car braking systems, medical, aircraft, and space equipment and applications work. Counterfeit semiconductors are therefore foremost a safety and a global threat, as well as an increasingly economic one. If your Automatic Braking System chip fails to perform effectively because its counterfeit, you can not just throw it away and buy another....even if you could, it might well be too late to do so.

The recent customs operation and the ongoing semiconductor industry's cooperation shows we are not defenseless against the rise in counterfeiting. There are means to fight its spread. I would like to point out three important dimensions to contain counterfeiting:

**First: You stop the products at the borders.** Here we can only encourage a continuation of multilateral customs cooperation. We need regular and expanded boarder operations between governments. And, we need safe, simple, **but also synchronized** and confidential ways of cooperating between governments and industry without excess bureaucracy or administration.

**Second: You stop the producers.** We know where the majority of traffic routes originate and where factories and sellers exist. We know the obstacles in the way of implementing necessary changes. Together with other governments we need to effectively convince and influence those countries, which are 'hosting' proliferators of dangerous goods, to take a stronger and more pro-active position against counterfeiting. It cannot be that electronics markets around the world win government awarded prizes for record revenues while openly selling counterfeit semiconductors products.

**Third: You stop brokers who deal in counterfeit product.** From customs, industry and individual company operations, we know the vast majority of imported counterfeit product originates from orders made with open market brokers, primarily via the Internet..who are not part of an authorized distributor chain. Many brokers are honest businesses. However, many have no concern for quality or safety.....only the profit. We must send a clear statement to those who import or sell...knowingly or unknowingly....product which puts consumers in danger that such conduct will not be tolerated and there will be consequences, even for a first incident."

Our message to EU policy makers - continue to work on all three 'anti-counterfeiting fronts', pool the expertise in the ministries, governments and DGs and continue to work with our industry. Our message to the audience - be aware of the important role of semiconductors in our society, take a zero tolerance to counterfeit and report, even for a first instance, perpetrators of counterfeit goods to authorities.

I invite you all to come have a look at our stand to find out more about 'electronic chips'." Thank you.

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***Industry Association of :***

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