

**Parliamentary Briefing:
Second Reading - Digital Economy Bill
Tuesday 13 September**

1. Key Messages

- **Electrical Safety First believes the Digital Economy Bill must be seen as an opportunity to address longstanding concerns and legislative gaps relating to the sale of counterfeit electrical goods online.**
- With the Government proposing to target online copyright infringement whilst increasing consumer protections in this Bill, **there is a clear omission in not protecting both consumers and UK business from the online sales of counterfeit goods which see copyrights infringed daily.**
- According to the IP Crime Report 2014/15, a third of locations investigated for counterfeit goods are online – social media, auction sites and websites.ⁱ It is therefore more important than ever, moving forward, that **legislation reflects the challenges facing the relevant authorities in tackling the sale of counterfeit goods, particularly those that are electric.**
- **44 per cent of MPs surveyed in an Electrical Safety First research project, agreed that counterfeit electrical goods were a problem in their area.ⁱⁱ**
- **64 per cent of all counterfeit electrical products are bought online.** Authorities, such as the Police and Trading Standards need to be equipped with the necessary legislation to tackle the sale of online goods, **Electrical Safety First believes the Digital Economy Bill is a fitting Bill to help tackle this rising problem year on year.**

2. Our asks for the Digital Economy Bill

- **Electrical Safety First believes that the Bill must include measures to tackle counterfeit electrical goods being sold online in order to protect consumers, UK business and the UK economy.**
- **We believe that MPs speaking in the Second Reading must consider the following to tackle the issue of counterfeit electrical goods: -**
 - The Government must assess the extent of the problem with counterfeit electrical goods, a) the cost to the economy b) the amounts being imported c) the extent of the problem online.
 - An assessment of the effectiveness of legislation that is over twenty years old, the Plugs and Sockets 1994 regulations to prevent counterfeit electrical goods being sold and imported by online retail platforms, particularly items that are not compatible with UK legislation.
 - To create a new task force similar to 'Operation Jasper' to combat the sale of counterfeit electrical goods online.
 - A statutory obligation on trading standards to report counterfeit electrical goods seized.

- A statutory obligation on online retailers to report people consistently selling counterfeit electrical products to the police/trading standards.

3. Counterfeit Electrical Goods

- According to research, in that last year more than **one million people** in the UK have bought a counterfeit item.ⁱⁱⁱ Research has also found that **64 per cent of all counterfeit products are bought online**, with **sales via social media growing 15 per cent.**^{iv}
- Some of the UK's biggest and well-known electrical brands are being subject to counterfeiting; this is bad for the consumer and UK business. Brands which are invested in over time can be undermined through no fault of their own as a result of counterfeit goods.
- The Bill could and ought to provide an opportunity to try and work to ensure that the counterfeiters have a reduced opportunity to sell through online portals.
- The issues with counterfeit electrical goods include^v: -
 - Online shoppers are being misled by imagery taken from official product sites, fake official safety marks and believable pricing - items can even be priced just a few pounds below recommended retail value to avoid arousing suspicion.
 - The number of **reported counterfeits in the UK has grown by 12% over the last 12 months**, and these are just the ones we know about - counterfeit items are now extremely difficult to spot. Counterfeit electrical products are particularly risky as they often contain faulty parts that can overheat and catch fire or deliver a fatal electric shock.^{vi}
 - Social media has facilitated an **increase in the distribution of unsafe products by 15%** every year.
 - The market for counterfeit goods in the UK is estimated to be **worth more than £1.3 billion per year**, of which an estimated £900 million helps fund organised crime.
 - Counterfeiting has **grown by as much as 10,000% in the last two decades** as manufacturing has become cheaper and easier. Counterfeit electrical products are thought to **cause billions of pounds of damage every year**, both in terms of the economic impact, fires and injuries.
 - It is estimated that fires caused by faulty electrical products are **responsible for over 7,000 domestic fires a year**. The Average estimated house **fire cost is estimated at £44,500**, leaving aside the human cost.
 - Trading Standards **detained more than 6,500 electrical items a day in March 2015**, and nearly two in five interventions at ports and borders resulted in items identified as unsafe or noncompliant.
 - Research has highlighted that **7% of people have knowingly seen counterfeit products online**; these figures are conservative estimates as counterfeits have become more convincing.
 - Those people claiming to have purchased counterfeit goods - **64% purchased online, 16% at a market and 12% in a shop.**

- Many consumers believe that when they purchase goods from legitimate online retailers it is coming from a trusted source. This is often not the case as these sites acts as a portal for vendors.

ⁱ IP Crime Report 2014/15 p 3

ⁱⁱ Dods Research for Electrical Safety First, March 2016

<http://www.electricalsafetyfirst.org.uk/mediafile/100757194/Parliamentary-Perceptions-of-Electrical-Safety-March-2016.pdf>

ⁱⁱⁱ Electrical Safety First research

^{iv} Electrical Safety First research

^v Electrical Safety First - <http://www.electricalsafetyfirst.org.uk/mediafile/100492991/True-Cost-of-a-Counterfeit.pdf>

^{vi} Electrical Safety First - <http://www.electricalsafetyfirst.org.uk/news-and-campaigns/press-releases/2015/11/dangerous-fakes-being-sold-through-leading-online-retailers/>