

**Submission of the
International AntiCounterfeiting Coalition
to the
United States Trade Representative**

**2025 Special 301 Review
Identification of Countries
Under Section 182 of the
Trade Act of 1974
89 FR 97161 – 63 (December 6, 2024)**

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INTRODUCTION

The International AntiCounterfeiting Coalition, Inc. (“IACC”), is pleased to submit these recommendations to the Office of the United States Trade Representative (“USTR”), pursuant to the request published in the Federal Register on December 6, 2024, seeking written comments from the public concerning the acts, policies, and practices of foreign countries relevant to the determination by the USTR, in cooperation with its interagency partners in the Special 301 review (“Special 301”), under Section 182 of the Omnibus Trade and Competitiveness Act of 1988, 19 USC § 2242, of countries that deny adequate and effective protection of intellectual property rights (“IPR”) or deny fair and equitable market access to U.S. persons who rely on intellectual property protection.

The IACC is the world’s oldest and largest organization dedicated exclusively to combatting trademark counterfeiting and copyright piracy. Founded in 1979, and based in Washington, D.C., the IACC represents manufacturers, trade associations, and professional firms, spanning a broad cross-section of industries; our members include manufacturers and distributors of thousands of the world’s best-known brands in the apparel, automotive, electronics, entertainment, luxury goods, pharmaceutical, personal care, wine and spirits, software, and other consumer product sectors.

Central to the IACC’s mission is the education of both the general public and policymakers regarding the severity and scope of the harms caused by intellectual property crimes – not only to legitimate manufacturers and retailers, but also to consumers and governments worldwide. The IACC seeks to address these threats by promoting the adoption of legislative and regulatory regimes to effectively protect intellectual property rights, and to encourage the application of resources sufficient to implement and enforce those regimes.

To that end, the IACC worked with both foreign government officials and the private sector throughout the past year to identify, and to seek remedies to, legislative deficiencies and practical impediments to IP enforcement. The IACC has also led the development of voluntary collaborative programs on a global scale to address key priorities in the online space, including its RogueBlock and IACC MarketSafe programs. The role of governments in encouraging these types of collaborative approaches remains vital. Further, rights-holders continue to face obstacles to acquiring and effectively enforcing IP rights, requiring the direct intervention by governments at home and abroad. These challenges continue to evolve, and we welcome the assistance of the U.S. government in resolving both the new concerns highlighted in this year’s comments, and those which have been reported in past years’ submissions.

Whether measured in terms of lost sales to legitimate manufacturers, tax revenues and duties that go unpaid to governments, decreased employment, or diminished investment in research and development; counterfeiting is a significant drain on the U.S. and global economy. Further, the production and distribution of goods manufactured in an entirely unregulated supply chain, where the makers have every incentive to cut corners by using cheap, substandard components, and no incentive to abide by accepted standards of

consumer health and safety, presents a clear threat to the health and well-being of consumers, and to the integrity of our national security infrastructure. We look forward to working with you to ensure the safety of consumers and the vitality of the global marketplace for legitimate manufacturers and retailers.

As in past years, the comments submitted by the IACC are drawn from a variety of sources including surveys of and consultations with member companies, interviews with local experts in the identified countries of concern, research of publicly-available sources, and data generated by the IACC through its own programs and direct engagement with foreign governments. It should be noted, however, that the countries and issues discussed herein do not represent an exhaustive list of rights-holders' concerns, but merely a snapshot of current and ongoing issues faced by rights-holders around the world, to which the IACC wishes to draw special attention. It is expected that the majority of the countries and issues raised in this filing will come as no surprise to USTR and the interagency team, as many of the concerns highlighted by IACC members involve long-standing issues that have been raised in previous years' filings.

Our comments this year cover 33 countries and span 5 continents, underscoring the truly global scope of the problems faced by rights-holders. Section I of our comments includes feedback in connection with 7 countries for which we recommend placement at the Priority Watch List level. Section II includes comments pertaining to 20 countries for which we recommend placement at the Watch List level. Section III offers comments in connection with 6 additional jurisdictions for which the IACC makes no formal placement recommendation. It is hoped that those comments will serve to inform the U.S. Government's ongoing work throughout the coming year.

We thank you for the opportunity to share our experiences.

I. Priority Watch List Jurisdictions

CHILE

Chile was retained on the Priority Watch List in 2024, with USTR citing continuing concerns related to the country's implementation of the United States-Chile Free Trade Agreement, including its obligations related to the establishment of protections against the unlawful circumvention of technological protection measures, the trafficking of circumvention devices, and the provision of circumvention services. The agency also highlighted the need for greater efforts to rein in pervasive copyright piracy in the market, for the more efficient resolution of patent issues and approvals of applications to market pharmaceutical products, and for the protection of test data from unauthorized disclosure.

The IACC concurred with USTR's Priority Watch List determination, noting the widespread trafficking of counterfeit goods in and through the country, and our members' desire for an application of greater resources towards IP enforcement. We likewise stressed the need for the imposition of more deterrent penalties to discourage recidivism, and to ensure that victims of IP crimes are appropriately compensated for such offenses.

With respect to the trademark counterfeiting and general IP enforcement challenges highlighted in our submission last year, rights-holders' feedback remained largely unchanged during this year's consultations. Counterfeit goods spanning a variety of product sectors continue to be widely available in the local market and online. And while some respondents described positive interactions with law enforcement and increased interest in anti-counterfeiting actions; enforcement personnel often continue to lack sufficient resources to follow through on that interest. As noted by one brand, even with the application of greater resources to address trafficking, such investments are unlikely to have a lasting impact unless Chile also takes steps to ensure the imposition of more deterrent sentencing for violations. Addressing recidivism remains a top priority.

Another common thread among IACC members' feedback this year was the need for more effective border controls. Chile is widely seen as a key route for counterfeit goods destined for Bolivia and other jurisdictions in the region.

In light of these and other concerns, we support Chile's continued placement on the Priority Watch List in 2025.

CHINA

China remained on the Priority Watch List in 2024, a dubious honor that the country has held for countless years. Though it is without question that the country has made progress with respect to its protection and enforcement of intellectual property rights in recent years, USTR devoted no fewer than ten pages in last year's report cataloging the incredible breadth of challenges faced by owners of every type of intellectual property.

Whether in terms of patent infringement, copyright piracy, trademark counterfeiting, or trade secret theft, no industry or product sector has gone unscathed.

In our own submission to USTR last year, the IACC recommended China's continued placement on the Priority Watch List, describing a variety of long-standing issues including statutory and regulatory obstacles to criminal prosecutions, insufficient border control measures, and, of course, the country's status as the top manufacturer and exporter of counterfeit goods offered for sale both online and in retail markets around the globe. We continue to support China's placement on the Priority Watch List this year.

China is broadly viewed as possessing a relatively robust statutory and regulatory framework for the protection of intellectual property rights, and respondents during this year's consultations were generally complimentary of their counterparts in law enforcement; both criminal and administrative authorities were praised for their expertise in handling IP matters, their engagement with rights-holders, and their general level of activity. Chinese courts were likewise cited for their increasingly thoughtful and nuanced opinions, and their recognition of the seriousness of IP offenses. That is not to say, however, that there is not significant room for improvement. Despite increases in raids and seizures, and the imposition of more serious penalties in connection with administrative actions and criminal prosecutions, the Chinese market remains rife with counterfeit goods of all types, and other markets around the world are awash in fakes sourced from the country. So, while rights-holders have expressed optimism over the progress made by China in recent decades, far more must be done.

Enforcement

Historically speaking, the concern most frequently voiced by IACC members with regard to their experience in China is the country's overreliance on administrative enforcement; indeed, that remained respondents' most common complaint during this year's consultations. Administrative actions, and the comparatively lenient sentences imposed in those cases, have proven largely ineffective in discouraging recidivism. And while IP owners generally reported positive working relationships with administrative authorities, many continue to bemoan the minimal "return on investment" that administrative enforcement offers. Regrettably, more impactful criminal enforcement is often precluded by unnecessarily high thresholds, which are in turn complicated by ambiguous (and in the view of many, confusing) standards for calculating the severity of offenses. As noted in numerous past submissions, administrative authorities have often refused to consider evidence demonstrating the extent of historical sales volume even where there is clear documentation to support a criminal referral. Individuals involved in the counterfeit trade have become increasingly sophisticated in the management of their operations to minimize the risk of criminal prosecutions. And while brands sought to draw attention to the issuance late last year of a new "Calculation Method for Illegal Business Volume in Trademark Infringement Cases," intended to provide greater clarity and predictability for the calculation of penalties in the administrative context, it remains unclear whether the guidelines will be leveraged in determining whether a particular case is suitable for criminal referral.

As a general matter, IACC members report more positive enforcement outcomes in China's "Tier 1" cities; experiences further afield however continue to be plagued by rampant protectionism and corruption. Brands described enforcement authorities in smaller cities as far less cooperative in pursuing investigations and raids, and in some cases, actively opposing their efforts. Shantou and Maoming – both located in Guangdong Province – are said to be emblematic of these concerns; one respondent highlighted a series of failed raids due to delays and tip-offs to targets by local authorities. Their efforts fared no better even with the involvement of provincial authorities, an indication of the ingrained nature of the protectionism.

The costs associated with enforcement also remain a significant concern – not only for small- and medium-sized enterprises with relatively modest budgets, but for even the most well-heeled multinationals. As in prior years, IP owners lamented the high costs associated with pre-trial storage of seized goods, and their destruction following adjudications. We would welcome the implementation of procedures to allow for the destruction of seized products on an expedited basis, and to ensure that the costs for storage and destruction are borne by the responsible party (i.e., the counterfeiter).

E-Commerce

Unsurprisingly, online trafficking of counterfeit and pirated goods was cited as a top priority by the entire breadth of the IACC's membership. Sales to consumers domestically and abroad remain rampant via both standalone websites and large e-commerce platforms. Efforts targeting the operators of standalone sites have been frequently hampered by the historical difficulty in obtaining identity information from ISPs and registrars for those website operators. As highlighted in prior years' submissions, many IP owners have reported increased engagement and greater coordination with some of China's major e-commerce platforms focused on "online to offline" investigations, some of which have led to significant seizures and prosecutions. Unfortunately, the willingness of platforms to collaborate with rights-holders is said to be inconsistent, with some far more receptive to working with brands. There also remains a large degree of variability with respect to the collection and handling of electronic and documentary evidence (e.g., records of historical sales data) which often minimizes the impact of those operations. As counterfeiters continue to adapt, a number of brands have highlighted a shift away from a "traditional" e-commerce model of trafficking, with counterfeiters increasingly leveraging social media to facilitate their illicit sales. Law enforcement is said to be struggling to adapt in turn.

Border Enforcement

China Customs was described by several respondents as "active" during our consultations this year, though it perhaps bears repeating that activity does not necessarily equate with effectiveness. Indeed, those same IP owners who detailed Customs' regular seizures of counterfeit shipments were quick to point out that the majority of fakes they uncover on a daily basis in markets around the world originated in China. Far greater efforts are

necessary to identify and interdict these illicit products that have inundated the global marketplace. IACC members continue to urge the Chinese government to implement comprehensive “Know Your Customer” obligations on shipping intermediaries including customs brokers, freight forwarders, warehousing operations, shipping entities (such as EMS China) and others to pierce the veil of anonymity that has historically shielded counterfeiters from meaningful enforcement. And where those shipping intermediaries fail to uphold those duties, they should face severe penalties for their negligent (or in some cases, willful) facilitation of the illegal shipments.

Several rights-holders also wished to draw attention to growing concerns related to the trafficking of components, labels, and the like, for use in “finishing” operations abroad. Such shipments have raised a variety of enforcement challenges, particularly with respect to assessments of the shipments’ value (in determining the seriousness of the offense) and uncertainty as to whether the items are sufficient to support an action for infringement.

Given the extent and severity of the challenges faced by IP owners in China, we support its retention on the Priority Watch List in 2025.

INDIA

India was described by USTR last year as, “one of the world’s most challenging major economies with respect to protection and enforcement of IP.” We agreed both with that overall assessment, and with USTR’s decision to retain India on the Priority Watch List.

Our consultations with IACC members last year underscored the breadth of challenges faced by trademark owners, ranging from delays in obtaining registrations, an underperforming border enforcement regime, insufficient levels of enforcement which have allowed several notorious brick-and-mortar and online markets to thrive, chronic backlogs within the judicial system, and a growing online trade in counterfeit goods. USTR further noted the prevalence of patent issues, policies and practices that serve as a barrier to market entry in many high-tech product sectors, high levels of copyright piracy, and uncertainty with respect to the protection of trade secrets.

IACC members have expressed growing optimism concerning the situation in India in recent years. Several respondents during this year’s process sought to highlight consistent progress with respect to the country’s IP regime over the past decade, and applauded the country’s continuing efforts in that regard. Much work remains to be done however, particularly with respect to long-standing, systemic concerns that we have raised in numerous prior submissions. Severe backlogs at the IP Office continue to delay IACC members’ registration of their rights; and efforts to enforce those rights, once obtained, continue to face long delays in the Indian court system. As described by some rights-holders, there also continues to be a widespread perception – both within the government and among consumers – that IP crimes are not “serious” crimes. While these sorts of

issues obviously cannot be remedied overnight, some respondents expressed disappointment that progress towards resolving them has been slow to materialize.

Enforcement in India remained challenging over the past year, though most respondents reported positive working relationships with law enforcement, and growing buy-in among leadership, continuing a trend that has been noted in previous years. Some brands noted, however, that they have seen decreased interest among enforcement personnel to participate in IP-related trainings. Another common concern heard during this year's discussions centered on the need for more strategic enforcement. Rights-holders often see the police as focused on individual cases, and continue to urge a shift towards "big picture" thinking. This will require law enforcement to emphasize follow-on investigations, intelligence sharing, and greater coordination (both among enforcement agencies, and in partnership with private sector stakeholders). It will also require considerable support from prosecutors and the judiciary to ensure that the efforts of law enforcement ultimately lead to prompt adjudications, and the imposition of meaningful deterrence when convictions are obtained.

IACC members offered mixed reviews of India's border enforcement regime during this year's consultations. On the one hand, a number of rights-holders expressed their pleasure regarding an apparent upward trend over the past several years in the frequency, volume, and quality of counterfeit seizures. Some attributed the progress to significant investments in capacity building and training programs undertaken by both private sector stakeholders, and on the initiative of the Indian government. Border enforcement procedures continue to be viewed as unnecessarily expensive though – a fact largely attributed to India's requirement for the provision of a guarantee bond in connection with those interdictions. Rights-holders also expressed frustration over the excessive amounts required for those bonds, arguing that the bond values often seem to bear no reasonable relation to the actual value of the shipments. Given the protracted timelines for resolving border enforcement issues, rights-holders may have significant sums of money tied up for years, even where they do ultimately prevail.

India's judicial system has long been a source of consternation for IACC members active in the country, and that remained the case over the past year. Rights-holders described it as "overly formalistic" and "inflexible," though even more frequently as "slow" and "inefficient." Similar opinions have been voiced for many years, and substantive improvements have been slow to materialize. Large backlogs persist, serving both to delay the administration of justice, and to increase the costs for all of the parties involved. While some respondents reported an apparent increase in the level of penalties imposed by Indian courts, many remain frustrated by a historical lack of deterrent sentences – one brand cited a case involving counterfeiting of pharmaceutical products that garnered only a nominal fine.

While India has made some notable progress in recent years, IP protection and enforcement remains incredibly challenging in the country. Based on the feedback we've received from rights-holders this year, and the persistence of many long-standing issues

cited in prior years' submissions, we believe that India's placement on the Priority Watch List remains justified this year.

INDONESIA

In its 2024 report, USTR detailed a variety of concerns related to Indonesia's statutory and regulatory framework for protecting intellectual property rights, and the practical implementation and enforcement of that regime. Chief among the complaints registered by IACC members last year were Indonesia's border enforcement measures; despite the issuance of regulations by the Ministry of Finance in 2018, aimed at clarifying Customs' authority to undertake enforcement actions against counterfeit and pirated shipments, most brands reported few, if any, seizures. The country's recordation system – which remains unavailable to most IACC members (and IP owners more generally) due to local domicile requirements – is emblematic of these issues. Rights-holders have urged a more collaborative approach to enforcement in numerous past submissions and remain frustrated that such cooperation has yet to materialize.

Enforcement remained top of mind for participants in the IACC's Special 301 consultations this year; regrettably, most respondents' feedback was largely unchanged since our submission to USTR last year. Though some brands noted a modest increase in the overall level of activity, law enforcement continues to take a largely reactive approach to protecting IP. This is perhaps unsurprising given the historical under-resourcing of enforcement personnel; the lack of adequate resourcing is also seen by many as contributing to corruption within the country's enforcement apparatus. Unfortunately, coordination between the relevant agencies tasked with a role in enforcement, including the DGIP, the National Agency for Drug and Food Control, and Indonesian Customs, is also said to be lacking. This is not a recipe for effective IP protection.

Respondents' views regarding Indonesia's border control regime were no more positive. IACC members have detailed their concerns related to customs enforcement in numerous past submissions. Those issues – including the “local entity” requirement for recordation, onerous procedures and tight timelines for effecting detentions and seizures of counterfeit shipments, excessive bonding requirements for even small consignments, and a reported lack of transparency – continued to frustrate rights-holders throughout the past year.

As in many other jurisdictions, there has been a pronounced shift towards online sales and distribution over the past several years; several respondents questioned the adequacy of Indonesia's current legal framework – not only to enforce, but also to deter – illicit trafficking through e-commerce and social media platforms. Such views are bolstered by the volume and variety of counterfeits that remain readily available to consumers online. Enforcement agencies are said to be struggling to adapt to these evolving distribution models, and the lack of effective tools to enable rights-holders to engage in self-help, or to ensure that online platforms implement effective filtering, seller vetting, and takedown

procedures is cited as a growing frustration. Rights-holders continue to monitor the implementation of Regulation No. 31 of 2023 on Provisions on Business Licensing, Advertisement, Development, and Supervision of Business Actors in Electronic Systems Trading, and are hopeful that the regulation may lead to improvements in the online space. The regulation entered into force in September of 2023, and could be useful in addressing some long-standing problems. Though it remains to be seen whether the regulation will have its intended effect, some have welcomed it as a possible indicator that the Indonesian government is taking rights-holders' complaints more seriously.

While the Indonesian government has stressed its desire to see the country removed from the Priority Watch List, that desire has not yet translated into meaningful, concrete steps to address long-standing and well-known deficiencies in their IP regime. Given these continuing concerns, and others, the IACC supports the retention of Indonesia on the Special 301 Priority Watch List in 2025.

MEXICO

Last year, USTR stressed the need for progress by the Mexican government in remedying a number of long-standing deficiencies in the country's legal framework for intellectual property, including several outstanding commitments that the country made pursuant to the United States-Mexico-Canada Agreement. Greater coordination among the National Customs Agency (ANAM), the Mexican Institute for Industrial Property (IMPI) and the Attorney General's Office (FGR) – necessitated by ANAM's limited authority to act on its own initiative – was highlighted by both USTR and the IACC in our own comments. Historically, concerns regarding interagency coordination have been cited by rights-holders as contributing significantly to the widespread availability of counterfeit and pirated goods in the Mexican market. Unfortunately, most stakeholders' assessments of the situation in Mexico remained largely unchanged over the past year; as a result, IACC members expressed support for elevating the country's status to the Priority Watch List this year.

IACC members offered rather bleak opinions regarding virtually every aspect of Mexico's enforcement regime during this year's consultations. Whether at the border, within the domestic market, or online, most reported even less enforcement activity than was seen in past years. Given the dim views expressed regarding the level and efficacy of enforcement in previous submissions, these reports were extremely troubling. Brands spanning a wide range of product sectors saw relatively few raids, and even fewer prosecutions. This is perhaps unsurprising, following years of diminishing support for IP enforcement by the Attorney General's Office, and the lack of priority that the Mexican government more generally has placed on intellectual property. We've seen a troubling reduction in the number of prosecutors tasked with investigating and prosecuting IP crimes; though, as one respondent blithely stated, "Most of those prosecutors who'd previously handled counterfeiting cases would have very little to keep them busy, given the lack of raids, the refusal to accept referrals from Customs, and the minimal

coordination with IMPI.” Corruption also continues to be seen as a significant hindrance to enforcement, and several brands cited increasing concerns over organized crime and cartel involvement in the counterfeit trade. Though some rights-holders reported receiving somewhat better assistance from IMPI, the sanctions imposed through administrative enforcement offer little in the way of deterrence and have minimal overall impact on the availability of illicit goods in the market. Low levels of online enforcement have also permitted the trafficking of counterfeits in e-commerce to thrive.

Mexico’s customs regime has been, perhaps, the greatest source of frustration for many rights-holders in recent years, due largely to the Mexican government’s failure to empower Customs with the requisite authority to take action on their own initiative. The lack of ex officio powers has left Customs reliant upon the FGR or IMPI to allow the seizure of illicit goods, but coordination between the relevant parties has been lacking for years – a fact that has been stressed repeatedly in our Special 301 comments. As a result, customs seizures are more costly and time-consuming than necessary; this has been the case whether the goods are being imported, or transshipped through the country, and has made Mexico an attractive point of entry for counterfeit goods destined elsewhere in the region. We do wish to note, however, our awareness of a significant case involving an IACC member last year involving excellent cooperation from the Mexican Navy (SEMAR) that offers optimism for future collaboration.

One respondent highlighted growing concerns regarding the role of freight forwarders in the trafficking of counterfeits and urged the implementation of robust “Know Your Customer” obligations, and a duty to share relevant information regarding shipments to enable enforcement, or else face liability for their facilitation of the shipments. Still others reiterated past complaints regarding Mexico’s continued use of government-appointed “experts” to determine the authenticity of goods, citing the lack of real expertise that many of those individuals have displayed, and the potential for corruption that the process introduces into an already difficult enforcement process.

For these reasons, and the many others that have been detailed by other stakeholders and by USTR in previous years, we recommend Mexico’s elevation to the Priority Watch List in 2025.

PHILIPPINES

Though not included by USTR in its report last year, IACC members have consistently expressed support in recent years for the return of the Philippines to the Special 301 Watch List. In our 2024 comments, we highlighted a range of challenges related to IP enforcement, the proliferation of counterfeits on e-commerce platforms and through social media channels, inefficient handling of cases (in both the criminal and civil contexts), and non-deterrent penalties which are seen as fostering recidivism.

Regrettably, despite years of urging by both IACC members and the broader rights-holder community, the situation in the Philippines has only continued to deteriorate. IP owners have characterized the country as having neither the infrastructure to adequately protect and enforce their rights, nor the level of political will required in order to make substantive progress on the range of concerns that rights-holders have raised year after year. Indeed, the perception among most respondents has been that the Filipino government does not acknowledge the extent of the challenges faced by the private sector, but seems to genuinely believe that its IP regime is functioning at a high level. Without question, there is a disconnect between the government's views and those of rights-holders.

Stakeholders continued to highlight considerable struggles related to the country's border enforcement efforts. Such difficulties were recounted by brands spanning a number of product sectors, though perhaps were most pronounced among those in the apparel and footwear, electronics, personal care, and fast-moving consumer goods sectors. Most respondents reported relatively few seizures, while others saw none at all during 2024. The picture painted by rights-holders' feedback was one of largely disengaged customs authorities, with an entirely reactive approach to IP enforcement, unwilling to detain or seize goods in the absence of detailed intelligence pertaining to specific shipments. One brand further clarified that the onus was on the rights-holder to provide that "detailed intelligence," because enforcement authorities appeared to be doing little (if any) of the legwork necessary to generate those sorts of leads on their own by way of targeting or other means. Others described disorganized and sloppy procedures when seizures did take place, with officials failing to properly inventory the items seized, greatly increasing opportunities for the seized goods to simply disappear back into the stream of commerce.

Rights-holders' assessments regarding the state of enforcement inside the country's borders was no more positive. Raids remain far too infrequent to result in any significant reduction in the availability of counterfeits in the retail market – including at Manila's notorious Greenhills Shopping Center and other brick-and-mortar and online outlets. And where brands have seen successful raids undertaken, the Police are seen as doing little to investigate any further; the seizures are viewed as an end in themselves. Not surprisingly, criminal prosecutions by the Public Prosecutor are reportedly very infrequent, and rights-holders are often left with few options other than pursuing costly and protracted private criminal actions. Equally troubling are reports of pervasive corruption throughout the entirety of the country's enforcement apparatus. The end result of the Philippines' approach to enforcement, particularly when considered alongside the relatively low penalties imposed on those rare occasions when offenses are prosecuted, is an overall lack of deterrence. Some go even further arguing that the current framework incentivizes the illicit trafficking.

As in many other markets, online sales of counterfeit goods are thriving in the market, a fact attributed to failures on the part of online marketplaces' inconsistent, or entirely lacking, implementation of best practices for oversight and enforcement, and to a lack of priority by the government to address the proliferation of the illegal trade online.

Rights-holders' have grown increasingly discouraged regarding the situation in the Philippines, with some going so far as naming the country as the second most troublesome in the entire Asia-Pacific region, behind only China. Given the overwhelmingly negative feedback that we've received this year, we recommend not only a return of the Philippines to the Special 301 Report, but its placement on the Priority Watch List in 2025.

RUSSIA

Russia has made annual appearances on the Special 301 Priority Watch List for nearly three decades, underscoring both the severity and the engrained nature of the problems experienced by intellectual property owners in the country. That already challenging environment has been exacerbated in recent years, as a result of Russia's invasion of Ukraine in 2022, and the subsequent international response by both the global business community and state actors. Respondents during this year's consultations continued to describe a great deal of uncertainty in the country, a general lack of enforcement activity both at and within Russia's borders, and little optimism for improvement in the near term. Retaliation against rights-holders from "unfriendly states" remained a concern for many brands as well.

Feedback from rights-holders this year was relatively limited – a direct result of the above-noted factors, including the complete withdrawal from the Russian market by many companies – though it remained generally in-line with that which had been heard prior to the commencement of hostilities. Most respondents noted relatively low levels of enforcement in the internal market; there is considerable anecdotal evidence that Russian police have been instructed to de-prioritize the enforcement of Western companies' IP rights. And while we've received scattered reports detailing occasional seizures and successful prosecutions for violations involving Western companies' rights, most characterize the current landscape as falling somewhere between "permissive of IP crime," to "outright hostile to IP rights." While Russia has always played host to some well-known outlets for counterfeit sales, such as those highlighted in our most recent Notorious Markets submission, it appears that the counterfeit trade is both more prevalent and more open than in the past.

Online enforcement – both in the trademark and copyright contexts – has been cited as a major concern by the IACC for many years. That situation has reportedly worsened; ISPs, hosting companies, and other online intermediaries were described as largely unresponsive to reported infringements and takedown requests.

We have little optimism that the situation will improve absent a resolution of the broader political situation.

The IACC wholeheartedly agreed with USTR's retention of Russia on the Priority Watch List last year, and we continue to support that placement in 2025.

II. Watch List Jurisdictions

BRAZIL

USTR detailed holistic concerns – many of those, long-standing - with Brazil’s IP regime in last year’s report. Despite the notable success of a number of enforcement campaigns undertaken by the Brazilian government to rein in widespread trafficking of counterfeit and pirated goods, illicit sales and distribution remain pervasive. The IACC concurred with Brazil’s retention on the Watch List, noting that despite periodic surges in enforcement, rights-holders have observed little, if any, sustained impact on the availability of counterfeits in the Brazilian market. Border enforcement measures were similarly deemed insufficient, and IP owners reiterated their dismay about the continued growth in online trafficking, increased local production and finishing of counterfeits, and the Brazilian government’s apparent inability (or perhaps, disinterest) in addressing well-known, notorious markets in the country. Based on the feedback received from IACC members during this year’s consultations, we continue to support Brazil’s placement on the Watch List.

Enforcement – in the internal market, online, and at the border – was cited by IACC members as their greatest concern during this year’s Special 301 consultations. Counterfeit goods remain widely (and openly) available, impacting virtually every product sector. And while some brands cited more frequent enforcement actions over the past year, there was a broad consensus that those actions have been insufficient to reduce the volume of illicit products on offer. “Law enforcement raids a location, seizes thousands of counterfeits, only to return to the same market to repeat the process, again, and again, and again. There is no lasting impact, and the raids are clearly not acting as a deterrent.” Variations on that theme were heard from a number of brands this year.

In numerous past submissions, we have shared rights-holders’ concerns regarding a lack of coordination between state and federal authorities tasked with IP enforcement, as well as a chronic under-resourcing of law enforcement; those sentiments were voiced repeatedly by stakeholders again this year. Worse still, were reports of reductions among the ranks of officers in the country’s Specialized IP Police Departments in Sao Paulo and Brasilia. Similar reductions are expected to be forthcoming in Rio de Janeiro as well. This apparent trend is especially worrying.

Rights-holders also reiterated complaints detailed in prior years’ comments regarding the need for a more proactive approach to IP enforcement, and more robust intelligence sharing. Though police are generally responsive to rights-holders’ complaints, there is a great deal that they could be doing on their own initiative – there is plenty of “low-hanging fruit” available in the market, particularly in well-known outlets such as the notorious Rua 25 de Marco. Given the persistent resourcing deficiencies however, adopting a more collaborative approach to enforcement, working more closely with stakeholders, and sharing intelligence would facilitate self-help by rights-holders and alleviate some of the burden currently falling on the shoulders of law enforcement.

As in countless other jurisdictions, we've seen a pronounced shift in the trafficking of counterfeits from physical to online markets; Brazil has struggled to adapt to the evolving landscape. E-commerce marketplaces and social media platforms are awash in fakes, and while we are aware of some legislative proposals to address this illicit online trade, there is clearly a need for more immediate solutions.

Improving the efficiency and effectiveness of Brazil's border enforcement regime, likewise, remained a high priority for participants in this year's process. Though some brands reported high volumes of seizures, the overall consensus view was that Brazil's customs authorities are under-performing and that those seizure figures should be significantly higher (as evidenced by the above-mentioned pervasiveness of counterfeits seen in the market). As in past years, stakeholders encouraged a greater emphasis on enforcement in the Tri-Border region; some also suggested re-evaluation of Brazil's tariff regime, which is intended to foster homegrown manufacturing, but has also been credited with incentivizing smuggling of contraband into the country. Further, we would welcome a review of the current legal framework to facilitate Customs' sharing of information with rights-holders following seizures, which would in turn enable more effective follow-on investigations by impacted brands. As a final matter, rights-holders strongly urge the Brazilian government to address longstanding concerns regarding the wide variability in Customs' operating procedures and inconsistencies among various ports' interpretations of the legal and regulatory framework pertaining to the detention and seizure of counterfeit products. A more streamlined, uniform approach should lead to more consistent and predictable outcomes, and greatly increase Customs' efficiency.

Where rights-holders are able to obtain the support of enforcement authorities, or to undertake actions on their own, they still must overcome a variety of challenges presented by the Brazilian courts. Counterfeiting cases – both in the criminal and civil contexts – can take years to resolve, delaying the administration of justice, depriving victims of appropriate compensation, and drastically increasing the costs associated with brand protection. Criminal sanctions may often entail only modest fines, and proceedings are often deferred, particularly in the case of first-time offenders or for those charged with “lesser” offenses; custodial sentences are said to be a rarity. The unavailability of statutory or treble damages also requires IP owners to carefully weigh the likelihood of recovery against the resources required to pursue civil actions against counterfeiters. The lack of statutory or treble damages also serves to disincentivize counterfeiters from settling cases, or otherwise cooperating with higher-level investigations. Even in those cases where an IP owner is successful in obtaining a judgment, collecting the damages awarded may be a practical impossibility due to courts' failures to ensure the preservation of the defendant's assets. We would welcome the implementation of specialized IP tribunals, or failing that, significantly greater training for judges and prosecutors on the handling of IPR-related matters.

Given the range and severity of the challenges that IACC members have continued to face over the past year, we support Brazil's continued placement on the Watch List in 2025.

CANADA

USTR cited a variety of issues in support of its placement of Canada on the Special 301 Watch List last year. Many of these – e.g., the insufficiency of Canada’s customs enforcement regime and minimal border seizures, high levels of copyright piracy, and non-deterrent penalties for IP-crimes – have been raised by the IACC in past years’ submissions. The lack of apparent progress on these and other matters has greatly contributed to a perception by many stakeholders that the Canadian government simply does not consider IP protection and enforcement to be a priority. IACC members continued to voice their frustration with the Canadian regime during this year’s consultations, and we support its continued retention on the Watch List in 2025.

Rights-holders’ top priority in Canada this year, and their greatest source of consternation, remained the exceedingly low volume of seizures of counterfeits at the country’s border. That fact will surely come as no surprise to USTR, given our annual submissions concerning Canada over the past twenty years. While the enactment of the Combating Counterfeit Products Act in 2014, and the expanded enforcement authority that the law granted to the Canada Border Services Agency (CBSA), prompted a degree of optimism among some IACC members, that hope has all but evaporated following a decade of inaction. For years, rights-holders have voiced frustrations related to both the speed with which the law has been implemented, and the manner of doing so. Many stakeholders sought to highlight the disparity between the level of seizures seen in Canada in comparison to other jurisdictions around the world. The low volume is not surprising though, given CBSA’s lack of authority to make determinations of authenticity, instead having to refer such decisions to the courts. The lack of expedited procedures was described by one brand as “effectively capping the total number of seizures that can be effected in any year,” and the situation is unlikely to improve without significant changes to the current framework.

The level of enforcement within Canada’s borders was described in no rosier terms. Law enforcement is said to show little interest in undertaking criminal investigations, and member brands report often being encouraged by Canadian law enforcement to simply pursue such matters through civil litigation. Given the unavailability of statutory or treble damages however, such a strategy is hardly feasible. Most rights-holders report minimal experience with criminal enforcement in Canada, and those who have seen criminal cases proceed bemoaned the relatively light penalties imposed and questioned whether the current regime offers any real deterrence.

Unsurprisingly, the counterfeit trade in Canada continues to flourish at notorious markets such as the Pacific Mall, and other outlets throughout the country. As in other jurisdictions, IACC members have seen a drastic increase in online trafficking that has coincided with the e-commerce boom. Online marketplaces and social media platforms are rife with offers for illicit goods, and the Canadian government has shown little to indicate that online enforcement is even a minor priority.

In light of the continued lack of progress seen with respect to these and other long-standing concerns, the IACC supports Canada's retention on the Special 301 Watch List in 2025.

COLOMBIA

While some IACC members reported nominal improvements in the level of IP enforcement last year, the trafficking of counterfeit goods remained (and remains) widespread; copyright piracy, particularly the unlicensed streaming of content through IPTV services, is likewise pervasive in the Colombian market. Efforts to combat this illicit activity have been hindered by protracted investigations and prosecutions of offenses, and by ineffective border controls that permit a steady stream of counterfeit goods to reach consumers via notorious markets such as Unilago and San Andresito, and through online channels. The IACC concurred with USTR's placement of Colombia on the Special 301 Watch List, and we support its retention on the Watch List again this year.

We were disappointed to hear many of the concerns this year that were voiced by rights-holders during last year's process. IACC members from a variety of product sectors continue to report high volumes of counterfeits in the Colombian market, and an overall level of enforcement activity that has proven insufficient to significantly reduce widespread trafficking seen in brick-and-mortar outlets and online. Most respondents shared the view that IP enforcement is not a priority for the Colombian government. Those views are corroborated by the Office of the Attorney General's decision last year to significantly decrease the number of prosecutors in the country's National IP Unit. Unsurprisingly, stakeholders saw relatively few raids over the past year, and significantly fewer than were seen in comparable jurisdictions. As in past years, member brands bemoaned both the expense entailed in pursuing and supporting criminal actions as well as the long timelines involved with such efforts. Despite the investment of significant resources to support law enforcement and to provide training to local authorities, most saw minimal return on those investments.

Border enforcement continued to be a priority; Customs seizures were characterized as "unacceptably low," particularly given the size of the market and the prevalence of counterfeits on offer. The low levels of enforcement both at and within Colombia's borders appears to be emboldening the criminal actors responsible for the illicit trade – they're said to demonstrate little concern over the potential for prosecution. Given the lack of interest seen among law enforcement, customs officials, and prosecutors in pursuing IP offenses, it seems the criminals may be justified in that lack of concern. Where those violations have been pursued, the protracted timelines for resolution and the relatively low penalties imposed by the courts are said to offer little in the way of real deterrence.

Given stakeholders' feedback during this year's consultations, we continue to recommend Colombia's placement on the Special 301 Watch List in 2025.

ECUADOR

USTR's assessment of Ecuador during last year's Special 301 cycle highlighted significant deficiencies in the country's statutory framework impacting IP owners of all stripes, which continue to be exacerbated by insufficient levels of enforcement at the border, in the internal market, and online. In our 2024 submission to USTR, the IACC also stressed the need for better resourcing of enforcement bodies, capacity building to develop greater expertise within the judiciary, and to address backlogs at the IP office. Many of those same concerns were raised by IACC members during this year's consultations, and we continue to support Ecuador's placement on the Watch List in 2025.

The feedback received from IACC members during this year's Special 301 cycle was, disappointingly, largely unchanged from that which we heard last year. Perhaps the most commonly heard concern among stakeholders was the continued lack of essential resources for Ecuador's IP Office and its Customs authorities. The insufficient funding to support even basic operations to facilitate the protection and enforcement of intellectual property rights is an issue that has been raised in several prior submissions, and one that is said to require urgent attention. The outdated IT infrastructure, in particular, continues to result in significant downtime and delays, which in turn have contributed to growing backlogs at the IP Office in recent years.

In addition to those challenges, rights-holders reiterated concerns with Ecuador's border enforcement regime that have been voiced in years past. While the amendment of the country's IP laws in 2021 was welcomed by stakeholders as a positive step, and IACC members expressed optimism for improvement following that enactment; three years removed, the hoped-for progress has yet to materialize. The volume of border seizures remains exceedingly low. Rights-holders continue to encourage the development and implementation of a customs recordation process as a means to increasing efficiency and fostering greater levels of collaboration with the private sector; given the underlying technology challenges noted above though, most expressed little optimism for progress in the near term. Some respondents also expressed dismay over incidents during the past year which they viewed as indicating an increase in corruption as a factor contributing to the low seizure numbers. High turnover among Customs personnel has, likewise, hindered the development of greater levels of expertise on IP enforcement; Ecuador's use of court-designated "experts" for product authentications was widely panned by rights-holders, as it has been in countless other jurisdictions.

Enforcement within Ecuador's borders garnered feedback that was, by and large, no more positive. Though some respondents described positive engagements with INDECOPI, a number of respondents bemoaned what they saw as a lack of responsiveness to their requests for assistance from law enforcement. While this too may be tied to the overall lack of resourcing, it remains a source of consternation.

Given the ongoing nature of these concerns, and others reported in past submissions, the IACC recommends Ecuador's retention on the Watch List in 2025.

EGYPT

Despite some positive feedback from IACC members last year concerning their interactions with Egypt's enforcement authorities, we supported USTR's decision to retain the country on the Special 301 Watch List in 2024. As noted in that report, the need for increased enforcement – particularly with respect to ex officio actions at the border and historical failures to impose deterrent-level penalties for IP offenses – has greatly contributed to the current state of affairs. USTR also stressed the need for further refinements to Egypt's overall legal framework for IP protection, and for greater urgency in implementing the country's National IP Strategy. Unfortunately, we continued to hear member brands voice frustration with respect to these and other issues highlighted in prior Special 301 submissions during this year's consultations. Accordingly, we recommend that USTR retain Egypt on the Watch List again this year.

IACC members' most significant concerns in Egypt over the past year continued to be tied to deficiencies in the country's border enforcement regime. Customs seizures remain relatively rare by most accounts, a fact attributed by most respondents to the lack of an effective recordation mechanism, and compounded by corruption. In recent years, illicit imports have been fueled by a struggling economy and government policies restricting the importation of luxury or non-essential goods. We've also received troubling reports of Customs' practice of auctioning goods subsequent to seizures, eliminating any real benefit from their enforcement actions.

Rights-holders' views regarding enforcement within the Egyptian market were far more positive. Law enforcement personnel were characterized as responsive, increasingly open to collaboration with private sector partners, and offering effective support for raids (though at times reluctant to pursue large-scale actions due to resource limitations). Another bright spot during this year's consultations involved increased engagement by the Ministry of Health Inspector General directorate, which was reported by rights-holders in the healthcare sector. The policy of "in situ" seizures – highlighted in recent past submissions – continued to frustrate IACC members during the past year though.

IACC members will continue to monitor implementation of the National IP Strategy, including the process of centralizing responsibilities under the Egyptian IP Authority.

We welcomed rights-holders' reports of continued progress in Egypt over the past year, and encourage greater efforts aimed at improving the enforcement of IP rights at the country's borders during 2025. At this time however, we recommend Egypt's retention on the Special 301 Watch List.

IRAQ

During last year's cycle, the IACC expressed support for the addition of Iraq to the Special 301 Watch List. Respondents – most notably those in the wine and spirits sector – described a significant increase in local manufacturing and finishing, as well as

distribution into other countries in the region. The latter concern was said to be further exacerbated by ineffective border controls. Low levels of consumer awareness regarding the health and safety risks posed by the consumption of counterfeits were, likewise, seen as contributing to the growing trade in those illicit goods.

IACC members' feedback concerning their experiences in Iraq remained largely consistent with that which we heard during last year's cycle. The country's geography – including its proximity to several other jurisdictions in the region highlighted in our recommendations this year – and its relatively porous borders have made Iraq attractive to counterfeiters intent on smuggling their goods to other markets in the region. Corruption, a concern also raised last year, has made the country similarly attractive to manufacturing and finishing operations. And relatively low levels of public awareness regarding the harms associated with counterfeiting make Iraq's consumer market ripe for exploitation by bad actors.

Stakeholders have identified a number of smuggling routes between Iraq and the neighboring locales of Jordan, Türkiye, Kuwait, and Iran. Nearby Armenia has also been identified as a major source of counterfeit spirits imported for local consumption or destined for the Iranian market where sales are prohibited. To date, enforcement efforts seeking to stem the flow of that trafficking have seen minimal success; engagement with Türkiye to interdict shipments bound for Iraq has resulted in some positive outcomes though.

As noted in last year's submission, Erbil, in Iraqi Kurdistan, appears to be the epicenter of domestic production of counterfeit spirits; the extent of the problem there is underscored by surveys which estimate that counterfeits continue to occupy nearly 15% of the local market.

Merely obtaining trademark rights has been cited as a challenge by some brands due to the need to file applications in both Baghdad and Erbil (and a lack of harmonization in examination procedures), slow and low-quality examination procedures, and a reported increase in the frequency of bad faith filings. As noted at the outset, once registrations have been successfully obtained, efforts at enforcement are frequently slow to progress, and often frustrated by corruption.

In light of the feedback received during this year's consultations, we recommend Iraq's placement on the Watch List this year.

KUWAIT

USTR cited increases in the level of IP enforcement and the development of online portals by the Ministry of Commerce and Industry and the Copyright Office to facilitate referrals by rights-holders in announcing Kuwait's removal from the Special 301 Watch List in 2022. While IACC members expressed some degree of optimism following the announcement of the new portals, they have also continued to support Kuwait's retention

on the Watch List in each of the past three years, citing a variety of long-standing challenges. Deficiencies in the overall level of enforcement within the Kuwaiti market, insufficient border controls, and a lack of timely communications regarding the status of pending cases have each been raised as justifications for Kuwait's retention (and return to) the Watch List since its removal. IACC members reiterated those concerns, and others, during this year's consultations.

IACC members were clear in their views expressed during this year's consultations that the level of enforcement in Kuwait remains inadequate, despite repeated calls in recent years for increased efforts. The Kuwaiti government has encouraged rights-holders to file criminal cases when appropriate, yet when those cases have been filed, trademark owners' requests for assistance frequently seem to fall on deaf ears. The resulting frustrations they've relayed during this year's cycle have been compounded by a lack of transparency regarding the status of their complaints, and they often are provided no explanation as to why cases have not been pursued.

That lack of transparency extends even to those instances when cases have been taken up, as IP owners are typically excluded from witnessing raids, in contrast to what is typically the norm in other jurisdictions. That practice serves not only to introduce unnecessary questions regarding the quality of enforcement actions, but it also deprives enforcement personnel of the vital assistance that rights-holders could provide to ensure that accurate and verifiable decisions are made with respect to the authentication of suspect goods. It is entirely unreasonable to expect law enforcement officers to maintain even a nominal level of expertise in authenticating goods across the broad range of product sectors and the literally thousands of brands impacted by the counterfeit trade, yet that is what the current policy demands. Rights-holders also continue to express concerns regarding the practice of "in situ" seizures, which we've also highlighted as problematic in past comments on Kuwait and several other jurisdictions. Feedback received concerning border enforcement – described by one brand as "non-existent" – was no better. The overall approach to enforcement, in the view of many, serves only to embolden the traffickers of counterfeit goods.

Given the persistence of these issues, and others highlighted in past submissions, we recommend Kuwait's return to the Watch in 2025.

MALAYSIA

IACC members voiced support for Malaysia's return to the Special 301 Watch List in 2024; that recommendation was driven primarily by rights-holders' concerns regarding the sufficiency of the country's border control regime, along with a widely-held view that Malaysia's historical approach to enforcement provides only minimal deterrence against IP crimes. As in numerous other jurisdictions, respondents also described growing dismay over the uptick in trafficking online.

Rights-holders' experiences in Malaysia over the past year offered little, if any, support to diverge from the recommendation made in our most recent submission. Border enforcement was described as "wholly-lacking," "not even a minor priority," and "almost nonexistent." Malaysian Customs was characterized as not a reluctant, but an unwilling partner. Perhaps the most positive comment heard with respect to the country's border enforcement efforts was, "It's not as bad as Indonesia." The lack of a trademark recordation system, Customs' lack of coordination with the Ministry of Domestic Trade and Consumer Affairs (MDTCA), and the considerable volume of transshipments through Malaysian ports, were among IP owners' highest priorities. IACC members expressed no optimism for improvement absent fundamental changes in the country's approach to enforcement and the priority it places on the protection of intellectual property rights.

Enforcement in the internal market was also roundly criticized; brands bemoaned both the rarity of enforcement actions by the MDTCA as well as the lack of follow-up when raids do take place, while also questioning the agency's "unnecessarily bureaucratic approach." That final concern was said to be exemplified by its refusal to seize counterfeit packaging and labels where a brand has not obtained a registration in International Class 16 (Paper Goods) – a policy that is both out of line with global norms, and which provides a massive loophole for exploitation by counterfeiters.

Respondents offered mixed reviews with respect to enforcement in the internal market; some noted that while they've been able to obtain assistance in the execution of raids on a fairly regular basis, the effectiveness of those actions has been limited due to insufficient follow-up by enforcement personnel to ensure the documentation and preservation of evidence, and a lack of coordination with Public Prosecutors. One major brand stated that they've "rarely seen cases make it to prosecution, and those that do often take years to reach that stage." The administrative resolution of offenses – typically leading to only warnings and nominal fines – is providing insufficient deterrence against recidivism. Additional training on best practices for handling IP cases (for enforcement personnel, prosecutors, and the judiciary) is encouraged.

Rights-holders also continue to cite corruption as a significant hindrance to enforcement, offering examples of a number of planned criminal raids which were thwarted as a result of targets being tipped-off in advance. Others detailed incidents involving officials coordinating with known counterfeiters in the government procurement process.

Another previously reported concern involves the proliferation of online trafficking of counterfeit goods. We've seen little in the way of proactive enforcement by the government, and minimal efforts on the part of many online intermediaries (or logistics providers, for that matter) to implement even basic Know Your Customer practices to identify and remediate bad actors.

There continues to be a broadly-held consensus among respondents that the Malaysian government does not consider IP protection to be a priority. Until such time as significant improvements have materialized, Malaysia should be placed on the Special 301 Watch List.

NIGERIA

Nigeria remained a jurisdiction of great concern for IACC members across a variety of product sectors, a result of the country's outdated statutory framework, insufficient resourcing, and a need for a more cohesive and coordinated approach to enforcement. Some members also noted frustration with the judiciary's handling of IP cases, both in terms of the pace at which cases proceed, and the level of sentences imposed on offenders.

While the Nigerian government has expressed its commitment to addressing rights-holders' concerns, progress has been slow to materialize, and IACC members' feedback this year was largely unchanged from that which was heard last year. Rights-holders offered compliments for the efforts of the Nigerian Police and have welcomed their support in carrying out investigations and raids; one brand noted with pleasure an apparent increase in support from more senior police officials during the past year. Regrettably though, assistance from law enforcement personnel is said to be constrained by resource limitations and a lack of coordination between law enforcement and other regulatory authorities who play a role in IP protection. Respondents shared less positive views concerning their interactions with Nigerian Customs however, with some reporting no border seizures at all during 2024, while others described a lack of interest in receiving intelligence from IP owners or in receiving training assistance. These negative reviews were most pronounced among stakeholders in the pharmaceutical, personal care, food and beverage, and information technology sectors. As in past years, a number of brands cited concerns related to corruption within the ranks of Customs, believing it to play a significant role in the proliferation of the counterfeit trade in Nigeria.

Even those brands who reported positive enforcement outcomes though shared doubts over the ultimate impact of those efforts, largely due to long-standing deficiencies in the Nigerian courts, and with the country's statutory framework. The prosecution of IP crimes has long been decried for its slow pace and protracted nature. Judges were described as lacking necessary expertise in the handling of intellectual property matters, and some respondents expressed concerns that many judges do not appreciate the gravity of counterfeiting and other IP crimes, viewing them as "lesser" offenses. Those issues are compounded by the lack of statutory damage provisions, and as a result, the sentences imposed against defendants tried for IP offenses tend to lack any real deterrence. Not surprisingly, recidivism is seen as a major issue in Nigeria.

In light of the feedback received from IACC members during this year's consultations, we recommend Nigeria's placement on the Special 301 Watch List in 2024.

OMAN

IACC members have reported growing concerns over the state of IP protection and enforcement in Oman in recent years, with some describing it as their most challenging jurisdiction in the region. The Omani government has been seen as disengaged and

frequently unresponsive to rights-holders' requests for assistance, despite pervasive and open trafficking in the market.

While rights-holders continued to report significant concerns regarding the overall level of enforcement of intellectual property rights in Oman, as well as the government's commitment to addressing some longstanding challenges faced by IP owners in the market, we were pleased to receive some more positive responses from members during this year's consultations. One global brand that has historically seen little support from enforcement personnel offered some measured optimism in their feedback, citing an apparent uptick in authorities' receptivity to training on authenticating products and identifying counterfeits. Another reported a small number of criminal raids, though even that was viewed as progress when contrasted with years past.

While we are hopeful that these reported improvements will ultimately lead to more consistent and impactful enforcement, and a more positive environment for legitimate businesses (and consumers), there remains a great deal of room for improvement. As a practical matter, the level of enforcement remains inadequate, and even that present level is only achieved with rights-holders' investment of significant time and "on the ground" resources.

We continue to support a Watch List placement for Oman in 2025, and believe that doing so would send a clear message that the status quo is not acceptable.

PAKISTAN

The IACC concurred with USTR's decision to retain Pakistan on the Watch List in 2024, citing widespread counterfeiting and piracy that continue to impact numerous product sectors, along with a variety of impediments to enforcement such as the lack of ex officio authority to undertake criminal actions, non-deterrent penalties, and the need for greater efficiency and consistency in the judiciary's handling of IP-related cases. Our own comments stressed the need for increased efforts at the border, noting member brands' perception that Pakistan is becoming a more significant player in terms of both manufacturing and distribution of counterfeit goods in the broader region. We continue to support Pakistan's placement on the Special 301 Watch List in 2025.

Despite our Watch List recommendation last year, we'd noted some amount of optimism among IACC members regarding apparent progress in Pakistan, particularly with respect to an uptick in levels of enforcement, and greater willingness to engage with stakeholders on capacity building programs. We were therefore discouraged to hear from a number of members during this year's consultations that the noted progress did not continue in 2024. Indeed, while the overall level of input received from members this year regarding Pakistan was reduced, the sentiments expressed were far more troubling.

Enforcement in Pakistan throughout 2024 was characterized as “inconsistent” and “unpredictable” by rights-holders with periods of high activity marked by significant seizures of fakes in the market, followed by long droughts during which they saw minimal activity and a complete lack of communication. As one brand put it, “Achieving any meaningful results requires constant oversight and follow-up ... We’ve seen a lack of proactive efforts, and we continue to rely heavily on local counsel and investigators to make any headway.”

Pakistan’s border measures remained a concern for most respondents, and several again stressed the need for additional training. The importation of components and “unfinished” goods for local assembly, labeling, and packaging was highlighted by some as an issue which deserves further attention in the coming year. Rights-holders offered some conflicting views on whether that mode of trafficking was intended to service the local market, or whether the finishing operations were in service of operations involved in exports to other markets in the region. As noted last year, and as we heard again during this cycle, Pakistan is seen by many as a more significant regional player in the distribution of counterfeits; that concern was pronounced in the personal care sector.

Stakeholders will be closely monitoring the situation in Pakistan during 2025 and are hopeful that this recent reversal will not continue in the coming year. Given these more negative reports however, we recommend Pakistan’s retention on the Watch List at this time.

PANAMA

For several years in a row, IACC brands have expressed growing frustration with the level of enforcement in Panama. That frustration has been, perhaps, most pronounced in the context of the country’s border control regime – once viewed as among the best in all of Latin America. Indeed, the significant decline in the volume and quality of seizures, and a perceived decrease in authorities’ engagement and interest in combating illicit shipments moving through the country were raised by stakeholders in a number of sectors in support of Panama’s placement on the Watch List last year.

By all accounts, Panama *should* be a cornerstone for intellectual property enforcement in the Latin American region. The strategic importance of the Panama Canal to both regional, and indeed global, trade cannot be overstated. Regrettably, we continue to receive reports from IACC members bemoaning the consistent decline in seizures by Panamanian Customs year after year. Such complaints remained commonplace in 2024. Rights-holders have long stressed the importance of empowering customs agencies around the world with *ex officio* authority, and with the authority to act against transshipments, as best practices to combat the trafficking of counterfeit goods. The fact that customs authorities in Panama do have the ability to undertake seizures *ex officio*, and to act against the transshipments of counterfeits, yet often fail to exercise those powers, makes the situation all the more frustrating. A broad consensus of respondents

during this year's Special 301 consultations agreed that Panamanian Customs is both "underperforming" and "far too reactive in their approach to enforcement."

Given the consistently negative feedback that we've received in recent years, the IACC supports Panama's placement on the Watch List in 2025.

PARAGUAY

The IACC supported USTR's decision to retain Paraguay on the Watch List last year; rights-holders across numerous product sectors continued to report widespread trafficking of counterfeit goods, deficiencies in the country's border enforcement regime, and an outdated statutory framework, among other concerns. Many of these same concerns were voiced again this year, and we continue to support Paraguay's placement on the Special 301 Watch List in 2025.

The challenges faced by IP owners in Paraguay are holistic in nature, and begin with the country's antiquated legal framework; the primary IP legislation – Law No. 1328/98 (Derecho de Autor y Derechos Conexos) was enacted nearly 30 years ago, and respondents questioned whether it remains sufficient given the evolution of IP crime during the intervening years. And despite the long-standing difficulties faced by rights-holders, and past acknowledgments of the same by the Paraguayan government, most contributors to this year's comments described an apparent lack of political will to tackle issues that have been highlighted year after year by the IACC and other stakeholders. The protection of IP rights is not seen as a priority, and that fact is reflected in the level of enforcement activity reported.

IACC members' experiences with enforcement in Paraguay varied widely over the past year, with some noting improvements both in law enforcement's interest in taking on anti-counterfeiting investigations and their ability to effectively carry out those actions, resulting in an increased number of raids during 2024. Others, however, bemoaned the lack of proactive enforcement efforts, attributing most of those actions to investigations conducted by the rights-holders themselves to gather intelligence on targets and develop cases before eventually handing them off to their counterparts in the public sector. Still others cited the persistence of historical concerns related to corruption within the ranks of law enforcement. As discussed below however, the long-term impact of IP enforcement in Paraguay continues to be frustrated by sentencing that fails to provide any true deterrence against the illicit trade.

Members' feedback with regard to the country's border enforcement regime were no more positive. Customs enforcement continues to be viewed as unnecessarily expensive and time-consuming. Rights-holders expressed frustration over not only the frequent necessity to have their representatives appear in person at ports in order to examine and authenticate goods that have been detained, but also to coordinate with and draft complaints on behalf of the relevant prosecutors in order to effect a seizure. Inspections of both containers and import documentation are taking place at levels far below what is

deemed necessary for a well-functioning enforcement regime – one respondent described Customs’ activity in this respect as “essentially non-existent” – and several brands expressed dismay over the lack of communications received from enforcement personnel. Concerns regarding corruption were highlighted in the border enforcement context as well. The current approach to enforcement both at and within Paraguay’s borders is credited with the high volume of counterfeit products found in the domestic market, and in other markets across the region.

Even those brands who’ve reported better than average enforcement outcomes though, highlighted the need for improvements across the judicial system, including with respect to prosecutors’ and judges’ handling of IP cases, and the imposition of deterrent penalties. The consistency, quality, and predictability of adjudications is said to be greatly diminished now that most cases are handled by generalists with relatively little experience or expertise in intellectual property matters. Offenders are often subjected to only nominal fines or, increasingly, “alternative measures” such as periodic court appearances; custodial sentences remain a rarity. In some cases, even those punitive measures are not imposed because, as noted in past submissions, defendants are often released without bail, and simply never appear for trial. Pursuing counterfeiters through civil means is also viewed as a practical impossibility by many rights-holders given the protracted and expensive nature of such claims in Paraguayan courts.

In light of the feedback received from IACC member brands during this year’s consultations, we recommend Paraguay’s retention on the Special 301 Watch List in 2025.

PERU

USTR cited Peru’s failure to fully implement IP enforcement-related provisions of the United States-Peru Trade Promotion Agreement – most notably those related to the availability of statutory damages for copyright infringement and trademark counterfeiting, and to the enforcement of intellectual property online – in support of Peru’s placement on the Watch List. In our own comments last year, the IACC encouraged a Watch List placement, largely due to rights-holders’ concerns about the overall level of IP enforcement, the need for more effective coordination between government bodies, and the insufficient resourcing of law enforcement and prosecutors tasked with combating IP crime. We continue to support Peru’s retention on the Watch List again this year.

During this year’s consultations, IACC members described a general trend of decreased enforcement activity across the Latin America region; Peru was no exception to that reported trend. Border enforcement in the country has been cited by stakeholders as a top concern in Peru for a number of years, and that remained the case in 2024. Indeed, several brands named the country as their greatest concern in the region with respect to customs enforcement. Those concerns extended to imports of both finished goods and

components, as well as exports to other markets in South America. One participant detailed repeated instances in which Customs unilaterally released significant shipments of counterfeit goods; the agency offered no explanation for those decisions. The lack of transparency with respect to such actions – particularly where the relevant rights-holder has made clear its own willingness to provide any necessary assistance – is highly troubling and raises the specter of corruption within Customs’ ranks.

A lack of sufficient resourcing is said to diminish the efficiency, capacity, and efficacy of enforcement across the whole of Peru’s IP regime. The lack of funding and manpower has contributed to a decrease in the frequency and scale of raids, and to growing backlogs in the investigation and prosecution of counterfeiting offenses. The reduction in capacity is also said to be resulting in a general de-prioritization of IP enforcement, as those crimes are often deemed less serious in nature. Some believe that the strain on the system is further compounded by the nondeterrent penalties typically handed out by the judiciary; those nominal sanctions foster recidivism and require enforcement personnel to unnecessarily expend their limited resources pursuing individuals who could be effectively removed from the equation if more impactful custodial sentences were applied.

There appears to be a general lack of political priority for addressing these concerns, and others previously highlighted by USTR. Unsurprisingly, most IACC members expressed little optimism for improvement in the near term. Accordingly, we recommend Peru’s retention on the Watch List in 2025.

SAUDI ARABIA

Last year, we reported member brands’ frustrations in connection with the continuing, and worsening, challenges faced by rights-holders following the transition of IP protection and enforcement responsibilities to the Saudi Arabia IP Authority (SAIP). While some had welcomed the announcement of the reorganization, the establishment of the SAIP unfortunately led to a significant loss of expertise within the country’s IP apparatus, which in turn has been credited with significantly decreased levels of enforcement. This, along with a number of other long-standing issues involving the need for greater transparency and a more collaborative approach to enforcement, has been cited in support of Saudi Arabia’s return to the Watch List.

The SAIP was established with the intent of creating a unified body to manage and oversee the registration, protection, and enforcement of all IP rights in Saudi Arabia. While this may ultimately lead to long-term improvement in the country’s IP regime, the transition has been challenging, to say the least. Thus far, however, the effort has been characterized by most as far from successful. The agency has been hampered by a lack of adequate resourcing and the loss of a great deal of expertise that had been developed through years of engagement by and with its predecessors. The effectiveness of the country’s border enforcement has been severely diminished by most accounts, and counterfeit goods of all types are said to be less visible, but no less available than in the past. And while the SAIP has been vocal about its commitment to protecting intellectual property, and encouraged

feedback from stakeholders, there is a widespread view that IP owners' feedback is not being fully appreciated or implemented. Put another way, there seems to be a significant disconnect between rights-holders' perceptions of the agency's performance, and the SAIP's own self-assessment.

With respect to customs enforcement, most respondents reported both an overall reduction in interdictions, and a decrease in authorities' communications regarding those efforts. A similar trend was described with respect to enforcement in the internal market. In both contexts, there appears to be a less proactive approach to enforcement, and a reduction in the frequency and quality of follow-on investigations following raids and seizures. The overall level of responsiveness and engagement is said to have greatly deteriorated from that seen in the past with Saudi Customs and the Ministry of Commerce. And while a handful of participants during our consultations reported an uptick in activity at the tail end of 2024, such reports were viewed as outliers by others from whom we heard this year.

When considered alongside the reported lack of progress in connection with other long-standing concerns highlighted in past submissions, including Saudi courts' predilection for imposing relatively low and non-deterrent penalties for IP offenses, we strongly recommend Saudi Arabia's return to the Special 301 Watch List in 2025.

SOUTH AFRICA

IACC members last year sought to highlight growing concerns over to the sufficiency of South Africa's efforts to protect and enforce their IP rights. The country's statutory framework, its level of enforcement activity, and the apparent disinterest within the government to address the continued widespread trafficking of counterfeits were each the subject of rights-holders' ire.

IACC members' feedback with respect to South Africa during this year's consultations was largely consistent with that which was heard last year. The country's legislative framework was described as "adequate, but outdated;" the enforcement of IP rights, on the other hand, "remains inadequate." That latter assessment was the subject of broad consensus among respondents, despite reports of a significant increase in raids during 2024. Concerns involving corruption were, likewise, common, as was the perception that the trafficking of counterfeit goods is a relatively low priority in the country.

IACC members were largely complimentary of the efforts of the South African Revenue Service (SARS) and the South African Police Service (SAPS), as has typically been the case in past years. But while SAPS and SARS were applauded for their activity, they continue to be under-resourced. Given the necessary manpower and funding, we believe that they could have an even greater impact. Their efforts are also said to be undermined by the lack of deterrent penalties that are typically imposed for IP offenses. As a result, most respondents have reported minimal, if any, long-term improvement in the availability of

counterfeit goods in the market. The pervasiveness of counterfeits in the market is also attributed to a steady stream of illicit goods entering the country; greater investments in South Africa's border control regime are seen as essential to alleviating the challenges faced by rights-holders. At present, most report "hearing far more from the police than from the border."

As a final matter, we continued to hear troubling reports of corruption making enforcement considerably more difficult.

We continue to recommend the addition of South Africa to the Special 301 Watch List.

THAILAND

The IACC concurred with USTR's decision to retain Thailand on the Special 301 Watch List in 2024. Despite commendable progress on a number of issues, the trafficking of counterfeit goods in both physical and online markets continued to impact rights-holders across a variety of product sectors; copyright piracy likewise remained prevalent. IACC members stressed the need for a more efficient use of enforcement resources, focused on higher-level distribution operations to ensure a more lasting impact. These concerns persisted throughout the past year, and we support Thailand's retention on the Watch List in 2025.

Although Thailand's statutory regime offers a fairly robust framework for IP protection and enforcement, rights-holders continued to highlight significant challenges when it comes to the practical application of those protections. While law enforcement personnel are generally viewed as committed to enforcing IP rights, responsive to brands' requests for assistance, and receptive to offers to participate in IP-related trainings, some IACC members expressed their desire for a more collaborative approach to enforcement and greater sharing of information (both with respect to pre-action intelligence and disclosure of relevant data following raids). Some also encouraged a more proactive and strategic approach – past submissions have highlighted concerns about a tendency to focus on "low hanging fruit" rather than developing larger cases that could offer a greater impact. That focus on lower-level offenses may account for the frequency with which we've heard complaints from rights-holders regarding the typically minimal penalties handed out by Thai courts and the lack of deterrence those entail.

Feedback concerning Thai Customs was largely positive again this year; several brands cited the agency for its regular engagement with rights-holders on training programs, and their encouragement of IP owners to share intelligence on a range of matters relevant to enforcement. Thailand's customs recordation procedures are also said to be functioning well, and this has helped to increase the efficiency of border enforcement operations.

As in countless other jurisdictions, online enforcement is a growing priority and has been identified as an area in which significant improvement is necessary. E-commerce and

social media platforms are awash with offers for counterfeit goods, and most respondents reported little enforcement activity on the part of Thai authorities in the online space; we would encourage a review of current laws to identify opportunities for necessary upgrades, as well as the application of additional resources to combat the pervasive trafficking.

One final area highlighted as ripe for improvement involved the operations of the Thai Trademark Office, which was described as “notoriously slow” in examining applications and issuing registrations. The ability to acquire trademark rights is, obviously, a threshold concern for the IACC’s members. We would welcome further engagement to address pendency time and backlogs.

We look forward to continuing engagement with the Thai government during the coming year, but at this time support Thailand’s retention on the Special 301 Watch List.

TÜRKIYE

USTR’s assessment of Türkiye during last year’s Special 301 review was largely consistent with the IACC’s own submission. Rights-holders registered growing concerns regarding the manufacturing and distribution of counterfeit goods (including exports and transshipments destined for European markets), widespread availability of illicit products in the domestic market, a growing online trade in fakes, and significant challenges to enforcement. The country remains a high priority for trademark owners across the breadth of the IACC’s membership; based on the feedback received from stakeholders during this year’s consultations, we support Türkiye’s continued placement on the Watch List.

Rights-holders’ feedback regarding the support received from Turkish law enforcement over the past year was considerably more positive than that heard in 2023, and a number of brands offered compliments for the Anti-Smuggling Police, IP Crime Police, and the Gendarmerie, citing more regular actions, including a number of high-profile raids. We received reports regarding an increased receptivity to member brands’ requests for assistance and a perception that law enforcement has been more proactive than in prior years. Rights-holders in the pharmaceutical sector highlighted a greater willingness among authorities to collaborate with private sector stakeholders on cases targeting individuals involved in the distribution of counterfeit, diverted, and adulterated medicines, while those in the wine and spirits sector reported an uptick in seizures following a number of instances involving poisonings related to the consumption of counterfeit alcohol products. Unfortunately, those incidents have carried over into the new year; as a result, we strongly urge Turkish authorities to redouble their enforcement efforts, and to raise public awareness regarding the serious threats to consumers’ health posed by counterfeit products.

Rights-holders also expressed concerns that, while increased law enforcement activities may be disrupting counterfeit production and distribution operations in the country, the availability of fakes in the domestic market (both in brick and mortar and online outlets) remains very high. As noted in past submissions, the process of obtaining search warrants is often unnecessarily protracted, and rights-holders are often required to meet onerous evidentiary burdens before a warrant will be issued. Improving the efficiency of enforcement operations, and ensuring appropriate follow-through on investigations and raids, should be prioritized.

Ensuring that Turkish courts treat IP crimes as serious matters, and that truly deterrent penalties are imposed following convictions must also be a priority. Historically, relatively low fines have been the norm, and custodial sentences have been a rarity. One respondent detailed an increase in courts' willingness to impose jailtime, which was welcome news; we are hopeful that such reports will become the norm going forward, and that recidivism will be greatly reduced. It has been suggested that increasing the authorized sentencing for trademark offenses to 3 – 5 years (from the current 1 – 3 years) would facilitate this, as courts' discretion to adjourn sentences is only available for offenses carrying a punishment of less than 2 years.

USTR is undoubtedly well-acquainted with rights-holders' views regarding the use of court-appointed experts by Turkish (and numerous other jurisdictions') courts; the practice has been the subject of a great deal of consternation over the years. Those frustrations continued over the past year, though we've heard some feedback indicating an increased receptivity on the part of some experts to receive training from IP owners, which is said to have positively impacted their reliability. The fact remains however that the rights-holder is undoubtedly in the best position to verify the authenticity of any goods at issue. As such, any conflicting expert opinion should be viewed with skepticism.

As has been the case in recent years, IACC members' harshest critiques during this year's consultations were reserved for Turkish Customs. While some participants noted a modest increase in interdictions during 2024, most reported stagnant or decreasing seizure numbers. As characterized by one brand, "the issue is one of geography and of volume." Turkish manufactured exports, and huge quantities of counterfeits produced abroad continue to flow into Europe at a rapid clip; Customs is viewed by many as ill-equipped to mitigate that traffic, and by others as simply uninterested in doing so. The frustrations voiced by rights-holders are made greater perhaps by the contrast seen with regard to brands' more positive experiences with other enforcement bodies. We strongly encourage the Turkish government to prioritize its own border enforcement efforts, and its collaboration with partner Customs agencies in Europe and the broader region.

Given the continued concerns reported by IACC members this year, we recommend Türkiye's retention on the Watch List in 2025.

UNITED ARAB EMIRATES

The United Arab Emirates – home to some of the largest, busiest, and most strategically important ports in the world – has ranked consistently among IACC members’ top priorities in recent years, and has made regular appearances in our annual Special 301 comments. The need for improvements among the country’s border enforcement regime (particularly within the country’s free trade zones) has remained the top concern heard from IACC members, as detailed in past submissions. Those concerns remained throughout 2024, and we again recommend the UAE’s inclusion on the Special 301 Watch List this year.

Despite largely positive feedback with respect to the cooperation and overall level of enforcement in the internal market by the Police and the Departments of Economic Development, rights-holders have bemoaned the lack of cooperation seen from the country’s Customs authorities, who are said to consistently prioritize trade facilitation at the expense of trade enforcement. Rights-holders input concerning Customs this year remained entirely unchanged from that which was heard in 2024, and for many years prior.

In the words of one brand, “Customs does nothing!” Another was somewhat more positive, offering that they’ve received “occasional notifications of seizures.” The overwhelming majority though continue to report a lack of cooperation and interest from Customs when it comes to IP enforcement. Indeed, one respondent stated that they have not received a single notification from Customs regarding a detention or seizure since 2015, despite regular enforcement actions undertaken by the Police and DEDs throughout the past decade. They further noted that they’ve found little evidence to support the existence of any significant domestic manufacturing of counterfeits of their products, leaving importation as the only reasonable explanation. Even those rights-holders who have reported seizures at the border indicate that the volume and value of the products interdicted by Customs are dwarfed by what they’ve seen in other jurisdictions in the region, or what is seized in the local marketplace.

The numerous Free Trade Zones situated across all of the Emirates, including Jebel Ali Free Zone (JAFZA) and Dubai Airport Free Zone (DAFZA), are rife with counterfeiting activity, serving as distribution centers for goods destined for Europe, Africa, and other markets in the Middle East. Enforcement in the FTZs, however, is described as a practical impossibility, though not for lack of effort on the part of rights-holders. Rights-holders report that Customs officials are simply unwilling to accept intelligence developed by the private sector (absent IP owners’ filing of a formal complaint, and with payment of the fee required to do so).

Cooperation from enforcement authorities within the Emirates, as detailed in prior years’ submissions, is significantly better. The Police and DEDs have been cited as effective partners (though we have heard some reports of decreased communication from the DEDs that bear further investigation). The engagement and activity of those in-market authorities has led to notable improvements in formerly notorious markets such as

Dragon Mart in Dubai and the China Mall in Ajman, resulting in widespread praise from IACC members. That is not to say that further progress is not possible. Some respondents felt that even greater progress could be realized with an increased focus on gathering (and pursuing) intelligence generated during raids, while others wished for greater transparency about enforcement outcomes. To be clear though, those relatively minor gripes fall far short of the dismay recounted in the border enforcement context.

The judiciary continues to be a concern for a number of stakeholders though, largely a result of the courts' apparent reluctance to impose stronger penalties in cases involving counterfeiting offenses. While the UAE has authorized more significant penalties in recent years, the practical impact of those enactments has yet to be seen by many, and courts are said by most to continue imposing relatively minor fines that lack any real deterrent effect. Considerably greater focus should be placed on discouraging recidivism.

Given the feedback received from IACC members during this year's consultations, we renew our call for USTR's placement of the United Arab Emirates on the Special 301 Watch List in 2025.

VIETNAM

USTR cited troubling growth in online piracy, poor coordination among enforcement bodies, and a lack of deterrent penalties (strongly correlated with a historical over-reliance on administrative enforcement) in last year's Special 301 review of Vietnam. Those concerns, along with the country's border enforcement regime and the trafficking of counterfeits in e-commerce remained top priorities among the IACC's members over the past year.

Stakeholders' feedback concerning Vietnam during this year's consultations was a study in contrasts, with brands offering widely disparate experiences. There were two constant themes that emerged in IACC members' comments, however; Vietnam is an increasingly important market in Southeast Asia, and enforcement in the Vietnamese market (and at the border) remains very challenging.

With respect to border enforcement, some respondents offered praise to Vietnamese Customs citing an increase in the frequency and volume of seizures, particularly along the country's northern border with China. They further complimented Customs' engagement on capacity building programs and their receptivity to training. Those views were, unfortunately, not shared by all of the stakeholders we heard from during this year's process. A number of brands, including rights-holders in the fast-moving consumers goods and personal care sectors, reported minimal seizures, with some stating that they've received more consistent support and more regular seizures as a result of export enforcement on the other side of the border by China Customs. Others offered complaints regarding the infrequency with which they have heard from Vietnamese Customs, and indicated a desire for a more collaborative relationship.

One thing that all of the participants in this year's discussions could agree upon though, was that counterfeit goods remain widely available in the Vietnamese market. We were pleased, therefore, to receive positive reports regarding stakeholders' interactions with the Market Surveillance Agency, which received praise for its engagement and overall level of activity. Some rights-holders voiced concerns however regarding lapses in follow-up communication and transparency from the MSA following enforcement actions. One brand stressed the importance of such communication as it pertains to their internal reporting. No brand has limitless resources, and the future investment of corporate assets in brand protection efforts in a given market is often influenced by the apparent return on investment seen in that market. As the representative framed it, "We truly want to partner with law enforcement who are committed to addressing our concerns, but it's far more difficult when we have limited, or no, insight into what the ultimate outcomes of raids and seizures were." We'd welcome greater transparency regarding those enforcement outcomes.

A number of rights-holders also expressed concerns over the adverse impact of corruption on the positive work that's being done by the MSA, the Economic Police, and Customs; unfortunately, brands continue to see their efforts derailed at times by tip-offs to targets of enforcement. As noted in past submissions, those concerns are said to be more pronounced in the southern half of the country. Long-standing concerns involving the ineffective management of criminal prosecutions, and the country's continued over-reliance on less-impactful administrative enforcement also remained common during the past year.

Rights-holders will continue to closely monitor developments related to the enforcement of IP rights online in the coming year. Despite some recent and ongoing initiatives focused on trafficking in e-commerce and social media, illicit sales through such channels have been increasing, and addressing that traffic is an increasing priority for brands across the entire breadth of the IACC's membership.

Though we look forward to further engagement throughout the coming year, we continue to support Vietnam's placement on the Special 301 Watch List at this time.

III. Other Observations / No Formal Recommendation for Placement

ARMENIA

Rights-holders in the wine and spirits sector wish to highlight growing concerns regarding the production and distribution of counterfeit products, continuing a trend first detailed last year. As described by one respondent, “Geography, high taxes, the influence of organized criminal networks, official corruption, prohibition, and other factors have combined to result in a drastic increase in illicit trafficking impacting the sector.”

Intelligence gathered by affected brands indicates that most of the production involves a single criminal network, with manufacturing occurring in Armenia and subsequent distribution through neighboring Georgia to end markets in Europe, Eurasia, and the Middle East. Large-scale, multi-container seizures in Greece and Lebanon have been traced back to Armenia through the Georgian port of Poti.

The concerns related to these illicit exports are further compounded by the results of internal market surveys which estimate nearly 10% of available stock in Armenia to be counterfeit. Efforts to rein in the trafficking of counterfeit spirits – both in the internal market and at the border – are said to have been hampered by endemic corruption, leaving legitimate manufacturers with few options outside of the vigilance of enforcement agencies in transit or destination countries.

We would welcome USTR’s support in addressing these concerns in the coming year.

HONG KONG

IACC members have consistently stressed their desire in recent years for the adoption of “Know Your Customs” obligations for shipping intermediaries operating in Hong Kong, and for greater transparency by Hong Kong Customs & Excise to facilitate more collaborative enforcement efforts.

Also noted in last year’s submission, rights-holders continue to bemoan HKC&E’s reluctance to expeditiously share relevant information from shipping documents which could greatly assist both brands and law enforcement personnel in destination markets.

Though we make no recommendation with respect to Hong Kong’s placement on the Special 301 Watch List, we would welcome further engagement by the U.S. government on these issues.

KENYA

The IACC has offered comments concerning Kenya during each of the past three Special 301 cycles, including recommendations for the country's placement on the Watch List in both 2023 and 2024. Those past recommendations were the result of rights-holders' growing concerns related to decreased enforcement at and within Kenya's borders, significant budget cuts that were seen as diminishing the Anti-Counterfeiting Agency's (ACA) effectiveness, and an apparent de-prioritization of IP within the country's leadership. In prior years, however, IACC members active in the Kenyan market were largely effusive in their characterization of the country's anti-counterfeiting efforts, citing the diligent work and cooperative relationships that they enjoyed ACA.

While rights-holders continued to highlight significant challenges in Kenya during this year's consultations, their overall assessments were far more positive, leading to optimism for a return to form. We were pleased to hear reports of increased activity by the ACA over the past year; brands also expressed appreciation for the efforts of the Kenya Bureau of Standards and the Kenya Revenue Authority. The Revenue Authority and Customs were cited for the success of their Portwatch program; border interventions are said to have increased. Enforcement within the internal market was also described as more active – and more proactive – than was reported in recent years. We would encourage Kenyan authorities to take necessary steps to ensure that IP rights are protected more consistently throughout the country though, as respondents noted that enforcement remains more difficult in some areas. We'd also welcome a greater focus on deterrence to ensure that enforcement efforts are not wasted; respondents suggested both a review of the country's statutory framework to assess the availability of appropriate penalties, and additional training for Kenya's judiciary stressing the seriousness of IP offenses.

Concerns related to the sufficiency of resourcing provided to the country's enforcement bodies, and with respect to corruption, were voiced by a number of IACC members during this year's consultations. On that latter point, some brands highlighted an apparent increase in the involvement of foreign nationals active in the counterfeit trade, with operations tied back to both China and Somalia. The Executive Director of the ACA was said to have acknowledged these concerns, and rights-holders will continue to monitor the issue in the coming year.

Despite the more positive feedback received during this year's process, we do also wish to highlight troubling reports regarding an apparent increase in the volume of counterfeit and illicit medicines in the Kenyan market. Stakeholders would welcome opportunities for further engagement with the government to target that trafficking and minimize the severe threats inherent in the distribution of counterfeit medicines.

We appreciate the opportunity to highlight the significant challenges faced by IP owners in Kenya, but given the input we've received from IACC members during the current cycle, we make no formal recommendation regarding the country's inclusion on the Special 301 Watch List for 2025.

SINGAPORE

IACC members continue to highlight concerns regarding Singapore's customs enforcement regime, and we would welcome further engagement aimed at increasing the level of enforcement targeting the high volume of illicit goods moving through the country's ports.

As noted in past submissions, although Singapore is not viewed as a significant source of counterfeit production, the country plays an outsized role in the distribution of counterfeit goods, both regionally and globally. The country's customs regime has been described in the past by IACC members as, "seemingly designed to discourage IP enforcement," given its lack of a recordation system, tight timelines for action and due to the significant costs associated with detaining and seizing illicit shipments.

In the absence of an agreement to voluntarily surrender a detained shipment by the importer – who has little incentive to do so – rights-holders must file a civil action and pay excessive security deposits or else risk the shipment being released. For many IP owners, doing so is a practical impossibility.

IACC members also continue to report a consistent lack of effective coordination between Singaporean Customs and their counterparts in the IPR Branch of the Police, leading to relatively few criminal actions even when there is clear evidence to support the existence of large-scale counterfeit smuggling operations.

Regrettably, we've seen little to suggest that the government of Singapore is taking rights-holders' calls for action seriously; respondents offered little optimism for concrete improvements in the near term. We would welcome USTR's engagement on these matters in 2025.

TAIWAN

Though rights-holders have generally viewed Taiwan as a jurisdiction with a relatively robust legislative and enforcement framework, IACC member brands described a significant, and troubling, deterioration of the country's IP regime during this year's Special 301 consultations.

Historically, IP owners have enjoyed strong support from dedicated IP Police units in Taipei, Taichung, and Kaohsiung; those units consistently demonstrated high levels of expertise in investigating IP crimes and were seen as valued partners in the fight against counterfeits. In June of 2023 however, the government of Taiwan announced a reorganization of those teams; despite numerous inquiries, no explanation for the decision has been forthcoming. Several months after that initial announcement, stakeholders were informed that the IP-focused units would be reconstituted as a new Intellectual Property Rights Investigation Corps (IPRIC). In the time since those

decisions were made public though, rights-holders have seen a drastic reduction in the number of investigations and prosecutions undertaken for IP offenses.

Though nominally focused on IP investigations, the IPRIC is said to have been tasked with, and to have prioritized, investigations involving a variety of other types of fraudulent activity. Concurrently, IP investigations have all but ceased.

This course of events has led to a great deal of frustration, not only because Taiwan's regime was previously viewed as high-performing, but also due to the lack of transparency and the lack of stakeholder consultation leading up to the government's decision.

We would welcome USTR's engagement with Taiwan's government both to clarify the reasoning behind the changes, and to help resolve the unintended harm that the decision has caused.

UKRAINE

In light of the ongoing invasion of the country by Russia, the IACC supports the continued suspension USTR's Special 301 review of Ukraine this year.