



# The Illegal Market in Brazil: The Devastating Toll of Piracy and Smuggling on Intellectual Property Rights

Montaury Pimenta, Machado & Vieira de Mello

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The commercialization of illegal products generates significant losses across various sectors of the economy, affecting consumers, companies, and the government.

Combating piracy remains a major challenge in Brazil. Unauthorized reproduction of products, improper use of intellectual property, and copyright infringement represent serious problems for the country. According to the National Forum Against Piracy and Illegality, in 2024, economic losses resulting from piracy and smuggling reached R\$ 468 billion—more than four times the amount recorded in 2014 when the survey began. Given this alarming scenario, it is essential to adopt effective measures to mitigate the negative impacts of these practices.

The most affected sectors were:

- Clothing: R\$ 87.4 billion loss.
- Alcoholic beverages: R\$ 85.2 billion.
- Fuels: R\$ 29 billion.
- Sports equipment: R\$ 23.3 billion.
- Personal hygiene, perfumery, and cosmetics: R\$ 21 billion.
- Agricultural pesticides: R\$ 20.5 billion.
- Gold: R\$ 12.7 billion.
- Pay TV: R\$ 12.1 billion.

In the audiovisual segment, which includes digital piracy of software, online courses, videos, music, and illegally distributed movies, the estimated loss was R\$ 4 billion.

Edson Vismona, president of the Forum, emphasized that combating these crimes must occur on two fronts: raising public awareness to reduce demand for illegal products and strengthening intelligence actions to dismantle increasingly sophisticated criminal networks.

The need to combat piracy is reflected in various aspects. This practice is deeply rooted in consumer habits, ranging from electronics to clothing and accessories, mainly due to their lower cost. However, changing this behavior is essential, as piracy negatively impacts not only legitimate businesses but also society as a whole. The damages caused by piracy include:

- Decreased tax revenue;
- Decline in job creation;
- Financing of criminal activities;
- Sale of low-quality products that may pose health and safety risks to consumers.

Thus, even though piracy may seem like a harmless alternative for those purchasing cheaper products, its consequences are severe. Combating this practice is essential to ensure a fairer and safer market. But what are the most effective strategies to confront this issue?

One of the main reasons consumers purchase illegal products is their affordability. Therefore, a key approach in combating piracy is the implementation of educational campaigns to raise awareness about the risks of this practice and educate the public on how to identify counterfeit products. By presenting the broad negative impact of piracy, it is possible to promote behavioral change and encourage responsible consumption.

Another fundamental strategy involves government actions. The National Council for Combating Piracy (CNCP) plays a crucial role in addressing this issue, developing guidelines and implementing measures aimed at combating piracy, tax evasion, and intellectual property violations. Its initiatives include enforcement, educational, and economic actions to engage the entire society in tackling this problem.

The Federal Revenue Service has strengthened its control structures and daily seizes illegal goods at land borders, ports, and airports. In 2024 alone, more than R\$ 3.7 billion worth of smuggled and counterfeit products were seized.

Additionally, a combination of administrative measures, such as increased customs inspections, and judicial measures, both in criminal and civil spheres, is crucial to strengthen the fight against piracy.

Given this scenario, it is evident that piracy negatively impacts all parties involved: consumers, who are exposed to low-quality products; the industry, which suffers from declining sales and reduced investment and job opportunities; legal traders and importers, who face unfair competition; and the government, which loses tax revenue. The only beneficiaries are criminal groups, who make huge profits from illegal trade. Furthermore, there is evidence that piracy revenues fund other illicit activities, some of which are even more severe.

**Montaury Pimenta, Machado & Vieira de Mello** - David Fernando Rodrigues and Thais de Matos M. Lio

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