

# TRADEMARKS IN LATIN AMERICA:

## Economic Impact in 10 Latin America and the Caribbean

Argentina | Brazil | Chile | Colombia | Costa Rica | Dominican Republic  
Guatemala | Mexico | Panama | Peru

**Study Messaging Toolkit**  
**October 2019**



# Trademarks in Latin America: Economic Impact in 10 Latin America and Caribbean Countries

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The statistics within are all sourced from the joint study by the InterAmerican Association of Intellectual Property and the International Trademark Association on Trademarks in Latin America: Economic Impact in 10 Latin American and Caribbean Countries published in October 2019 © ASIPI and INTA. All rights reserved.



Asociación Interamericana de la Propiedad Intelectual  
Inter-American Association of Intellectual Property  
Associação Interamericana da Propriedade Intelectual



### Background Information and Study Objectives

- In 2016, ASIP<sup>1</sup> and INTA<sup>2</sup> collaborated on a study to assess the economic impact of trademark-intensive sectors in Chile, Colombia, Peru, Panama, and Mexico (2016 Study).
- While several studies have shown significant findings related to the vital role Intellectual Property (IP) rights play to economic growth, the economic contribution of trademarks specifically, as distinct from other forms of IP, has not been examined in the Latin America and Caribbean (LAC) region. Therefore, this 2016 Study was the first study of its kind within the LAC region to demonstrate the importance of trademark-intensive sectors to economic activity, employment, and international trade.
- In 2018, ASIP and INTA expanded upon the 2016 Study with a new study (2018 study) to:
  - update findings for the five countries first studied;
  - gather findings for five additional countries, namely Argentina, Brazil, Costa Rica, the Dominican Republic, and, Guatemala; and
  - provide more significant insights to legislators, entrepreneurs, the media, and consumers at large on the significant economic contributions that trademarks bring to society.
- All 10 countries were selected for the 2018 Study because they account for nearly 90 percent of the LAC region's combined GDP, and each of the countries studied has differing levels of trademark activity.

### Definition of Trademark-Intensive Sector

In the 2016 and 2018 Studies, a sector is considered trademark-intensive if at least one of the following conditions was met:

- The number of annual registered trademarks per employee in the sector is higher than the average ratio corresponding to the whole economy; or
- The number of annual registered trademarks per unit of sales in the sector is higher than the average ratio corresponding to the whole economy.

### Key Findings of the 2018 Study

- Each of the 10 countries studied had between 13 and 21 trademark-intensive sectors out of a total of 45. Costa Rica had the most trademark-intensive sectors, while Guatemala had fewest. For a detailed breakdown of the trademark-intensive sectors by country, see Appendix 1.
- Pharmaceutical, cosmetic, and cleaning products were found to be part of trademark-intensive sectors across all ten countries. Clothing and apparel, food products, and communications and entertainment were found to be trademark-intensive across most of the countries studied. Most of the above mentioned products fall into basic manufacturing sectors while communications and entertainment fall into services.
- In the 10 countries studied, trademark intensive-sectors:
  - Contribute US \$766.6 billion to the total GDP (22 percent average) of these countries.
  - Employ 35 million workers of the total workforce (18 percent average), which is larger than the size of the population of Peru.
  - Pay wages up to 57 percent more than non-trademark-intensive sectors.
  - Contribute 31 percent of exports and 34 percent of imports, on average.
- For a detailed breakdown of the economic indicators for each of the countries studied, see Table 1 on the following page:

<sup>1</sup> The Inter-American Association of Intellectual Property (ASIP) is considered the most important organization in the field of Intellectual Property in Latin America, devoted to protecting the collective interests of its members through studies and dissemination of Intellectual Property, as well as to promoting its regulatory development and defense in the Americas.

<sup>2</sup> The International Trademark Association (INTA) is a global association of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation.

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**TABLE 1**

Trademark-intensive sectors: Economic contributions

Countries	Number of Trademark-Intensive Sectors	Total Value Added (GDP) (in %)	Employment (in %)	Wage Premium (in %)	Exports (in %)	Imports (in %)
Argentina	17	12	18	8	11	23
Brazil	18	14	15	19	23	50
Chile	17	22	28	21	12	17
Colombia	19	20	13	14	10	50
Costa Rica	21	42	36	57	49	50
Dominican Republic	14	32	25	10	55	37
Guatemala	13	34	3	9	43	30
Mexico	19	15	20	5	13	17
Panama	15	16	13	20	71	45
Peru	15	10	8	25	26	23

Note: Countries that are highlighted surpass the average contribution of trademark-intensive sectors in that category.

Similar to the United States<sup>3</sup> and Europe<sup>4</sup>, trademark-intensive sectors in the LAC countries studied, are significant contributors to GDP, employment, wage premium, and international trade. However, the contributions by LAC countries to these economic factors are at a lower percentage compared to the United States and Europe, as indicated below in Table 2:

<sup>3</sup> "IP and the U.S. Economy: 2016 Update." USPTO, 2016, [www.uspto.gov/sites/default/files/documents/IPandtheUSEconomySept2016.pdf](http://www.uspto.gov/sites/default/files/documents/IPandtheUSEconomySept2016.pdf).

<sup>4</sup> "Intellectual property rights intensive industries and economic performance in the European Union." EUIPO, 2016, [www.euiipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/observatory/documents/IPContributionStudy/performance\\_in\\_the\\_European\\_Union/performance\\_in\\_the\\_European\\_Union\\_full.pdf](http://www.euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/IPContributionStudy/performance_in_the_European_Union/performance_in_the_European_Union_full.pdf).

**TABLE 2**

Trademark-intensive sectors: Economic contributions compared by region/country

Trademark-intensive sectors as a share of:	Group of countries		
	Latin-America and the Caribbean (in %)	United States (in %)	European Union (in %)
Total Value Added	22	34.9	35.9
Employment	18	15.5	21.2
International Trade: Exports	31	52*	73.9
International Trade: Imports	34	59.3*	71.4
Wage Premium	19	38	48

Note: \* Corresponds to all IP intensive industries (trademarks, patents, and copyrights).

## Several factors explain the differences shown above:

- Current primary economic drivers of LAC countries studied are agriculture, mining, exports of related commodities, and basic manufacturing. These industries are typically not trademark-intensive, and therefore their significant contributions to the economies of the LAC countries studied are not reflected in the figures provided in Table 1.
- The figures above also do not account for informal economies, which support approximately 53 percent of the workforce in the LAC countries studied. The International Labor Organization (ILO) explains that informal employment usually means a low-quality job without worker protections, such as Social Security or overtime compensation. These are the types of employment that make up informal economies. Therefore, especially for wage premiums, the gaps reflected between the LAC countries and the United States and Europe may be much narrower.
- In the case of international trade, the United States figures relate to all IP rights. However, in the case of the 10 LAC countries studied, the figures for international trade are only focused on trademarks. Therefore, if the contributions of other IP rights were included in the 2018 Study, it is anticipated that the figures for international trade would be higher in the 10 LAC countries studied.
- Although LAC countries studied exhibit on average, lower levels of contributions of trademark-intensive sectors to GDP, employment, wages, and international trade, Costa Rica is unique in the case of wage premiums.
- Costa Rica has a 57 percent wage premium, surpassing the United States and Europe averages in this category. A closer examination of results from Costa Rica also indicates the contributions of trademark-intensive sectors to GDP is at 42 percent, the highest among all the countries studied. Not surprisingly, among the 10 countries studied, Costa Rica has the highest number of trademark-intensive sectors (21 out of the 45 sectors studied).

## Comparing the 2016 Study and the 2018 Study

- Compared to the 2016 Study, the 2018 Study made two refinements to the results in Panama and Peru for the contributions of trademark-intensive sectors to international trade.
- For Panama, trade flows of Free Trade Zones are integrated into total trade for all countries in the 2018 Study.
- For Peru, the exports of some commodities (such as minerals) are now considered within the 2018 Study. The updated figures with the comparison to the 2016 Study is reflected below in TABLE 3:

**TABLE 3**

Trademark-intensive sectors: Economic contributions to international trade

Country	International Trade			
	Share of trademark-intensive sectors in Exports (in %)		Share of trademark-intensive sectors in Imports (in %)	
	2016	2019	2016	2019
Chile	9	12	13	17
Colombia	9	10	51	50
Mexico	14	13	19	17
Panama	20/75*	71	21/78*	45
Peru	5	26	21	23

\*Note: The figures include exports and imports through the Colon Free Trade Zone. For the 2016 Study, this explanation only applies to the figures of 75 percent for exports and 78 percent for imports.

Apart from the differences mentioned above, the contributions of trademark-intensive sectors to GDP, employment, and wage premiums in Chile, Colombia, Panama, Peru, and Mexico found in 2018 Study remain similar to the 2016 Study because the trademark-intensive sectors in each country did not change much between the two periods of focus for the studies: 2010-2014 and 2013-2017, respectively.

### Key Takeaways

- The LAC countries studied are making strides towards sustainable economic growth and achieving high-income status. To accelerate this positive trend, LAC countries need to shift their focus from basic manufacturing and the export of commodities toward innovation and higher-value knowledge-based goods and services.
- The transition toward higher-valued activity is also linked to greater integration within global supply chains. For the LAC region, the development of export-oriented strategies will benefit the region as a whole.
- As the 10 countries studied, maneuver the transition mentioned above, stronger and more efficient trademark protection and enforcement systems are important to invigorate local businesses and entrepreneurs to develop goods and services and enter into cross-border business opportunities. Additionally, stronger trademark and enforcement systems will attract more foreign direct investment, technological know-how, and talent, which in turn will assist the movement up the value chain.
- Governments of the 10 LAC countries studied will also benefit from the continued protection and enforcement of trademark systems because trademark-intensive sectors can also support the formalizing of the large percentage of informal economies in these countries. The Americas Society/ Council of Americas<sup>5</sup> broke down an ILO report<sup>6</sup> looking at non-agricultural informal jobs across 14 LAC countries in 2013 among persons aged 15 and over. Costa Rica, which has the most number of trademark-intensive sectors in the 2018 Study, also has the lowest rate of non-agricultural informal jobs as a percentage of total employment.
- The Economic Impact of Counterfeiting and Piracy Report by ICC-BASCAP<sup>7</sup> and INTA published in 2017 forecasts that by 2022, 5.4 million jobs (which is approximately the population size of Costa Rica) will be lost globally as a result of counterfeit and piracy trade, which is another contributor to informal economies. Given the important contribution of trademark-intensive sectors to the international trade and employment, Governments of the LAC countries should guarantee stronger trademark protection and enforcement against the counterfeit trade to ensure that jobs are not displaced in the LAC countries studied, resulting from such illegal activities. This will also strengthen the governments resolve to formalize the economies in their respective countries.
- Given the importance of trademarks and brands to the economy and society, any regulatory measures that require generic or standardized packaging for consumer products could threaten economic activity, employment, international trade, and wage premiums currently enjoyed as a result of trademark-intensive sectors in the countries studied. For example, countries in Latin America – such as Chile and Colombia – that demonstrate greater trademark-intensiveness in food products and alcoholic beverages, should carefully consider the economic consequences of enacting regulations that restrict trademark rights.
- National IP Offices, brand owners and trademark practitioners and organizations like ASIPI and INTA are encouraged to use the data found in this study to inform policymakers and consumers at large about the value of trademarks and brands to the economy in the LAC countries.

5 Gonzalez, Elizabeth. "Weekly Chart: Latin America's Informal Economy." AS/COA, 2 Apr. 2015, [www.as-coa.org/articles/weekly-chart-latin-americas-informal-economy](http://www.as-coa.org/articles/weekly-chart-latin-americas-informal-economy).

6 International Labour Organization. (2014). "Thematic Labor Overview: Transition into Labour Formality in Latin America and Caribbean", [http://ilo.org/wcmsp5/groups/public/-americas/-ro-lima/documents/publication/wcms\\_314469.pdf](http://ilo.org/wcmsp5/groups/public/-americas/-ro-lima/documents/publication/wcms_314469.pdf)

7 Business Action to Stop Counterfeiting and Piracy (BASCAP) was launched by the International Chambers of Commerce (ICC)

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## Appendix 1:

Trademark-Intensive Sectors by Country

Selected Nice classes according to identification of trademark intensity by sector		Denomination	Trademark-intensive classes by selected country									
			Argentina	Brazil	Chile	Colombia	Costa Rica	Dominican Republic	Guatemala	Mexico	Panama	Peru
Goods												
1	Chemical Products		X			X		X	X	X	X	
2	Paints and anticorrosives	X	X	X								
3	Cosmetics and Cleaning Products	X	X	X	X	X	X	X	X	X	X	
4	Industrial oils and fuels		X									
5	Pharmaceutical products	X	X	X	X	X	X	X	X	X	X	
7	Machinery				X		X					
8	Hand tools	X			X		X		X		X	
9	Scientific, digital equipment and software	X	X		X	X	X	X		X	X	
10	Surgical Equipment	X	X		X	X	X		X	X	X	
11	Household appliances					X		X				
12	Vehicles				X	X	X					
13	Firearms and fireworks				X						X	
14	Precious metals and jewellery	X	X	X		X	X		X	X	X	
15	Musical instruments				X							
16	Stationery		X	X		X	X	X	X		X	
18	Leather and its substitutes	X	X	X	X	X			X	X		
19	Non-metallic Construction Material				X	X						
20	Furniture		X			X		X	X			
24	Textiles	X		X								
25	Clothing and footwear	X	X	X	X	X	X	X	X	X		
26	Haberdashery and decoration articles								X			
27	Carpets	X							X	X	X	
28	Toys, games and sporting goods	X	X	X	X	X			X	X	X	
30	Coffee, tea, cocoa and cereal preparations			X		X		X				
32	Beer and soft beverage					X		X				
33	Alcoholic beverage			X	X			X				
34	Tobacco and its products				X							
Services												
35	Advertising, commercial and business management services	X	X	X		X	X	X	X	X	X	
36	Financial, insurance and real estate services					X	X				X	
38	Telecommunications	X		X	X	X			X	X		
39	Transportation and Storage						X					
40	Treatment of materials	X	X	X	X				X	X	X	
41	Educational, entertainment, sports and cultural services	X	X	X	X	X			X	X		
42	Scientific and technological services	X	X	X	X	X	X		X	X	X	
43	Restaurants and hotels		X	X								
44	Medical, veterinary and agricultural services							X	X			
Total Number of Trademark-Intensive Sectors		17	18	17	19	21	14	13	19	15	15	



