

**Opening Statement of Republican Leader Greg Walden  
Subcommittee on Consumer Protection and Commerce  
“Buyer Beware: Fake and Unsafe Products on Online Marketplaces”  
March 4, 2020**

*As Prepared for Delivery*

Good morning and welcome to the Consumer Protection and Commerce Subcommittee hearing on counterfeits and unsafe products. When I chaired this Committee, we held a series of hearings on platform responsibility. Today’s hearing builds on that important work. Chair Schakowsky, thank you for holding this hearing, where we can explore what steps online platforms and marketplaces with rights holders are taking to address counterfeit goods online.

Online marketplaces are attractive digital storefronts that allow consumers to quickly locate products on their own time. This “low search cost” provides consumers high visibility and access to so many different options and price points and allows aspiring small business owners to reach more potential customers. But, with an increased use and attractiveness of these entities also comes an increase of bad actors

seeking to game the system to sell counterfeit and illicit products. We of course have seen these supply channels come via China and touch every part of this committee's jurisdiction. Given that, I am pleased that the Trump Administration has taken this issue very seriously as we can all agree that counterfeit products threaten our economy, public safety, and consumer trust.

Afterall, we have an obligation to ensure the e-commerce policies this committee helped put in place continue to have positive impacts for American consumers. We can now order groceries and household supplies online and expect them to be at our door within hours.

This convenience is truly remarkable, especially for individuals who do not have access to or the capability to visit brick-and-mortar store fronts. But, again, the success and benefits of these marketplaces have given rise to those peddling counterfeit and illicit products for a quick buck. Counterfeiters do not care about existing laws nor do they

care about the small businesses and people they hurt. I say that recognizing the complexity involved here for all of you. If you find and remove an account or product today, a bad actor may create a new account and begin selling the same product tomorrow under a different name or on a different site. Just like the Hydra, if you cut off one head, others will regenerate in its place.

Despite these challenges, the Trump Administration deserves credit for countering the widespread distribution of counterfeits. Just last month, the Department of Homeland Security issued its “Combating Trafficking in Counterfeit and Pirated Goods” report. After the report was released, President Trump issued an executive order making clear this Administration is focused on cracking down on the sale of counterfeit goods online.

According to the report, in Fiscal Year 2018, U.S. Customs and Border Protection (CBP) seized over 28,000 products. The report also shows that the market for counterfeit pharmaceutical drugs has expanded to include everything from cancer medications to opioids. Fake prescription opioids are often laced with fentanyl, a deadly compound that's lethal dose is the size of a few grains of salt – and much of the fentanyl entering our country originates in China. Republicans and Democrats on this Committee have worked together in the past to address the public health crisis of faked medications and the influx of fentanyl entering our country.

The fight against counterfeits and illicit products must also include consumer education and awareness. Counterfeits can be difficult to spot online, especially when stolen graphics and other forms of deception are used, but sometimes we just need to know when a deal is truly too good to be true, it probably is – you can't get the new Apple AirPods Pro in whatever color you like for ten bucks. All sectors must work with

appropriate government agencies to increase awareness amongst consumers to help them better identify and report potential counterfeits.

I am eager to hear what e-commerce platforms and marketplaces are doing to address this problem and how they are incorporating feedback from the DHS report to increase safety and educate consumers on their platforms. I also look forward to hearing what steps rights owners are taking to protect their brands and how they are collaborating with platforms and marketplaces to do so. I believe collaboration can and must occur between online platforms and marketplaces, law enforcement, and rights owners to protect consumers.

I want to thank the witnesses for their time, and I look forward to your testimony. I yield back.