THE PICA REPORT: COUNTERFEIT GOODS

COUNTERFEIT TRADE’S LINKS TO ORGANISED CRIME
The scale of counterfeit goods being traded globally is not only reaching dangerous levels in terms of its economic impact; clear links to the criminal underworld and terrorism are also increasingly behind the trade. By David Suzuki, with TC Brown.
Global spiderweb

The repercussions can be quite significant and wide-ranging for branded companies and governments. Counterfeit trade leads to lost profits, reduced revenues, decreased investments, job loss and major risks to consumer health and safety. These crises can show elements of legitimate economies, too. For instance, Japan’s 3.6 billion-dollar underground economy affects legitimate business deals. Investigations by Suzuki Reconnaissance Advisors (SRA) have revealed that about 10 percent of transactions in the Japanese construction business involve some element of the Underground.

Criminals engaged in selling counterfeit goods have shown a complete indifference toward public safety. “Make no mistake, the only concern the counterfeiter has is how much money he is going to make,” says Kelly Suzuki, press secretary for the US Immigration and Customs Enforcement (ICE), which manages the National Intellectual Property Rights Coordination Center in Virginia. The centre has two multi-US agency initiatives aimed at counterfeits that pose a health or safety risk: Operation Guardian and Operation Apothecary. They have seized millions of dollars’ worth of counterfeit, substandard or tainted products.

Investigative and consulting agencies are fighting fakes is global and mutually beneficial to trading partners to ensure the approach to protecting brands and intellectual property is critical to the function of a healthy world economy, says Megan Mattson, a US Department of State spokesperson. US intellectual property assets account for 9.2 million dollars in revenue—about one-third of the value of all US corporations, according to the Council of Economic Advisers.

“Strong protection and enforcement of intellectual property is critical to the function of a healthy world economy,” Mattson says. Her work on the domestic and global front to protect businesses includes the Administration’s Global Strategy Targeting Organized Piracy (STOP!) initiative. “We collaborate with our trading partners to ensure the approach to fighting fakes is global and mutually beneficial to our economies,” Mattson says. The harm from knock-off goods can filter down on a more personal level, too.

“Counterfeiting often has recourse to labour exploitation, including exploitation of children, and may also be involved in human trafficking,” Calvani says. “These aspects and their financial and criminal interests are all linked together to form a huge spiderweb that touches every country and economy.”

Investigative and consulting agencies are fighting these battles globally on the front lines. The merger of Suzuki Reconnaissance Advisors (SRA), which covers the Asia-Pacific region, along with the PICA, with its strong presence in the Americas, Middle East and Northern Africa, will bring a natural and significant synergy of intelligence and security consulting to these campaigns in order to help protect brands and their products and reputations.

Meanwhile, greater efforts must be made to better educate the public about the harm connected with the purchase of knock-off goods in the hope of reducing the demand for fakes.

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Combating counterfeiting

A 2009 RAND report estimates the links between the global production and the sale of counterfeit goods, organised crime and terrorist organisations.

The non-profit think tank said that it found a “clear link” for adding global intelligence gathering and sharing so that the scope and nature of the connections between piracy and organised crime can be illuminated.

“The reward is clear for policy makers and law enforcement around the world to revisit the recruitment of the financial community to anti-gang strategies” C-Rand said. These aspects and their financial and criminal interests are all linked together to form a huge spiderweb that touches every country and economy.

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The five components deemed critical for success in combating counterfeiting include:

- Increased political will of governments to commit resources, conduct public awareness campaigns and share intelligence with industry spokespeople, US intellectual property assets account for 9.2 million dollars in revenue—about one-third of the value of all US corporations, according to the Council of Economic Advisers.

- Stronger legislation to expand the definition of organised crime to include large-scale counterfeiting and other criminal activity and enactment of penalties to get law enforcement more effectively.

- Consistent enforcement that strengthens international co-operation, provides guidelines to laws protecting and distributing counterfeits and improves the processing of cases more quickly.

- Deterrent sentencing that increases penalty and creates new laws that make piracy a priority offence within gang strategies.

- Innovative solutions, including the creation of centres and immigration forms to include the possibilities ofinterpretation of counterfeited goods, the encouragement of the financial community to question transactions and activity that could be potential of trading large-scale piracy as analyzable offence.

Mandatory, greater efforts must be made to better educate the public about the harm connected with the purchase of knock-off goods in the hope of reducing the demand for fakes.

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