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.
The operations can be quite significant and wide-ranging for branded companies and governments. Counterfeiting tends to lead to lost profits, brand reputation issues, reduced sales and revenues, decreased investments, job losses, and much more to consumer health and safety.

These crimes can show elements of legitimate economics, too: For instance, Japan’s $400 billion-a-year underground economy affects legitimate business deals. Investigations by inside reconnaissance (ISR) have revealed that about 30 percent of transactions in the Japanese construction business involve some element of the Yakuza.

Criminals engaged in selling counterfeit goods have shown a consistent willingness to attack public safety. “Make no mistake about it: The only concern the counterfeiters have is how much money he is going to make,” says Kelly Nantel, press secretary for US Immigration and Customs Enforcement (ICE). The centre has two multi-US agency initiatives aimed at counterfeits that pose a health or safety risk: Operation Trojan and Operation Odyssey.

They have seized millions of dollars’ worth of counterfeit, substandard or tainted products. “We have shown a complete indifference toward public health and safety. “Make no mistake, the only concern the counterfeiters have is how much money he is going to make,” says Kelly Nantel, press secretary for US Immigration and Customs Enforcement (ICE).

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Stronger legislation to expand the definition of organized crime to include large-scale counterfeiting’s toll on criminal activity and enactment of penalties to get investigators more involved is a key priority. Counterfeiting is a victimless crime, “ RAND said.

“Investigative and consulting agencies are fighting these battles globally on the front lines. The merger of inside reconnaissance advisors (ISR), which covers the Asia-Pacific region, along with the PICA, with its strong presence in the African, Middle East and Northern African, well bring a natural and nimble synergy of intelligence and security consulting to those campaigns in order to help protect brands and their products and reputations.

As the RAND report points out: “Counterfeiting is a threat not only to the global information economy, but also to public safety and national security.”

David Suzuki is the managing director of PICA Asia Pacific and PICA-SRA. He can be contacted at dsuzuki@pica-sra.net

TC Brown is a consultant. He can be contacted at tcbrown88@yahoo.com

Daniel Rothenberg, a US Department of State spokesperson, US intellectual property assets account for $1.3 trillion dollars or more—about one-third of the value of all US corporations, according to the Council of Economic Advisors.

“Strong protection and enforcement of intellectual property is critical to the function of a healthy world economy,” Mattson says. State works on the domestic and global front to protect businesses include the Administration’s Global Strategic Targeting Organized Piracy (GSTOP) 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 clinical impacts are all linked together to form a huge spiderweb that reaches every country in the world.”

“Most Member States are considering, or already have, measures to label products as counterfeit, substandard or tainted in order to improve the processing of cases more quickly and create new laws that make piracy a priority offence within gang strategies. Innovative solutions, including the winning of customs and immigration forms to include the possibility of circumvention of counterfeit goods, the encouragement of the financial community to operators/banking activity and the potential of leading large-scale piracy an infricable offence.”

David Suzuki is the managing director of PICA Asia Pacific and PICA-SRA. Before joining PICA, he operated his own boutique business intelligence consultancy called Suzuki Reconnaissance Advisors. PICA-SRA manages assignments in the Greater Asia region from its headquarters in Hong Kong, and through its teams and offices in Tokyo, Hoi Chi Minh City and New Delhi.