

Counterfeits

The real price of cheap fakes

Imagine asking any passerby on the street the following question: Do you support child labor, slavery, terrorism, or organized crime? The immediate answer would be: "No, of course not!" It is hard to imagine that anyone would knowingly contribute to any kind of social or environmental injustice. And yet many consumers are doing just this -- by turning a blind eye when purchasing cheap counterfeit items or "knockoffs".

Product piracy is a phenomenon known to all of us. Who hasn't at one point seen popular name brands at a market stand and been tempted to buy these suspiciously affordable "designer" products? What most consumers do not realize, however, is that by purchasing these copied goods, they are not only harming the companies which own the real brands, but they are also directly supporting outlaw factories that have miserable environmental or social standards and practices, including the systematic exploitation of child and slave labor.

In 2006, 2.8 Million counterfeit goods bearing the famous PUMA® brand were confiscated worldwide, most of which came from China (1 million), followed by among others Turkey (442,000), South Africa (288,000), Germany (186,000), Romania (126,000), and Italy (115,000). Most people still consider product piracy to be a victimless crime, and in many countries, the offenders trading in fake goods are subject to only a nominal fine, amounting to a slap on the wrist. But the reality is that counterfeiting is a sustaining force in organized crime and is a multi-billion dollar industry. In many cases, drug dealers and other criminals trade in counterfeit goods to diversify their portfolio of criminal activity because profits are huge and risks of punishment are relatively small.

The counterfeit goods trade relies upon exploitation of mostly poor and mostly young labour in developing countries to produce the copied merchandise. Aside from economic problems such as lost sales, profits and tax revenues, the true victims are slaves and children recruited into these black market activities, working in inhuman conditions with no security and usually no pay. It is a known fact that the trafficking networks employed in the production and distribution of counterfeit goods are subject to no social or environmental standards: in truth, the networks are profitable *because* they provide no benefits, pay no taxes, and are not subject to any sense of morality, decency or the rule of law. It is not just that workers have no vacation, no rights, no social securities and no working contract; the fact is the workers are often sold by their families into the trade, abused, beaten and treated like animals. And the probability that a child or slave worker sewed together the \$10 "designer" fakes bought on the counterfeits market is much higher than one might think.

In an era where consumers are demanding that companies show socially responsible policies, producers of counterfeits ignore social and environmental regulations, dump waste such as chemical residues and dyes into the waters, and expose workers to deplorable

working conditions. No S.A.F.E. or FLA or ILO audits occur to make sure that the workers are being treated with dignity.

According to Ed Kelly, one of PUMA's external attorneys who presented a keynote address "Blood Money: the Steep Human Cost of the Counterfeit Culture" at the International Anti-Counterfeiting Coalition's conference in Dallas on October 6, 2006, said:

"The threat of counterfeits is not merely an economic crime. Counterfeiting presents as a social problem as well, because the organizations behind counterfeiting operations pay no taxes, obey no laws, support organized crime, contribute to official corruption, often employ child and illegal immigrant (and in some cases, slave) labor and generally have no social conscience when it comes to the dangers posed to consumers by the low quality, even dangerous, fake goods they inject into global trade."

It is important that consumers come to the understanding that by buying fakes they are in fact supporting outlaw mafia networks where child and slave labor is common. Companies such as PUMA can try to fight the booming counterfeit industry, but as long as consumers choose to buy counterfeits, the problem will persist because supply will always rise to meet demand. In this sense, public awareness and education of the consequences of purchasing activity are revealed as the only viable options to reduce demand for fakes. While companies such as PUMA® strive to continually improve the social and environmental standards in their supply chain, consumers can help address the problem of worker exploitation by shunning counterfeit goods. When measured by the human misery resulting from the trade in counterfeit goods, the trade is simply socially unacceptable.

The Intellectual Property Department of PUMA fights product piracy on three levels:

1. Source / Factories (e.g. in China and Turkey)

PUMA works closely together with lawyers and detectives to organize raids with the help of the local administration in order to cut the source of counterfeits.

2. Transport and Border Measures

With the help of customs, PUMA works to prevent the distribution of the counterfeits between intermediaries and wholesalers by air, sea, and land.

3. Distribution

To make sure that the trade markets are free of any fakes, PUMA regularly draws samples and checks the products for security labels and files criminal or civil proceedings against wholesalers and retailers.

The best way to protect oneself from counterfeits is to purchase products from authorized retailers in authorized trade markets only.



9 year old Thai slave hand-stitching Puma® shoes, 20 hours a day, 7 days a week, 365 days a year, with an allowance of 200 Baht (\$5.00) a month. Another life wasted, a disposable human being, worn out, used up and thrown away.