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Socio-economic uncertainties fuel counterfeiting

Globally, over 750,000 jobs are lost annually due to counterfeiting and the costs and negative effects of counterfeit products on all stakeholders were broad and numerous, ranging from lost taxes, royalties and other revenue, loss of goodwill and reputation, reduced incentive

to innovative and invest and lower employment, Director, Consumer Affairs and Information, Chandrika Thilakaratne told a seminar on counterfeiting organized by the American Chamber of Commerce (AmCham) at the Hilton Colombo Residencies on Wednesday.

She said Sri Lanka should take steps to enforce strong civil and criminal laws to protect Intellectual Property Rights (IPR) to safeguard consumers and drive economic growth.

Counterfeiting is a global problem fuelled by socio-economic variables such as poverty, ambivalent consumer attitudes towards IPR, the involvement of criminal networks and easy-access to illegal goods, she said.

A joint force has been set up to fight fakes and illegal trafficking of counterfeit goods to the country, and a propaganda campaign 'Stay safe from fakes' has been launched by Amcham Sri Lanka.

According to Thilakaratne, most of the illegal trafficking is in pharmaceuticals and software.

The automobile and tobacco industries face grave threats and even the government has been affected by the non-payment of taxes due to the import of fake products.

She said that in the case of pharmaceuticals there is a real danger of wrong and ineffective medicines being bought by the public. There is also the danger of unsafe vaccinations as well. The revenue loss to the country due to smuggled cigarettes is around Rs 2 billion annually. Well-organised criminal gangs operate these businesses. This increases the crime rate in the country as well.

Thilakaratne said that if a country has a poor record of counteracting fakes it will discourage investment in the country. "It is very important for countries such as ours to attract investors. It is investors who create jobs and pass on skills and technology which we stand to lose."

Deputy Superintendent, Customs Customer Protection Unit, Ashorf Samzudeen

said, "Counterfeit seizure in Sri Lanka is around 8% annually. It is a serious offence and we must work together in creating awareness and demand for regulations to combat the counterfeit trade.

Senior Manager, Security and Administration, GlaxoSmithKline, Migara Perera said, "Available research estimates that 25%-30% of the medicines supplied to developing countries are either substandard or counterfeit. Many forms of legitimate medicines have been counterfeited for a multitude of reasons including the lack of overheads for quality control and the ease of inserting these products into the distribution chain."

General Manager, Associated Motorways, Prasantha Waidyaratne said that the market for fake and sub-standard spares is a very large and was a thriving venture. But the consumer, though he may think he is saving money, is only putting his and his family's lives at risk. Today, the dependency on vehicular transport is at its peak. From goods to persons, travelling is by vehicle. The danger of using fake spares is highlighted by the number of road accidents that occur every day.

Compliance Manager, South East Asia and New markets, Microsoft Sri Lanka, Aromi Silva said software piracy is another growing problem due the general misconception that genuine software is very costly.

She said that pirated software adversely impacts new technology, innovations and that the installation of pirated software is the main reason for online fraud and cyber-crime, which is increasingly putting businesses and Governments at risk.

Substandard and counterfeit goods pertaining to these industries are a serious issue that impacts Sri Lanka - a developing economy.

Police spokesman, ASP Ruwan Gunasekera said, "The media wants to know about crimes, wrongdoings and scandals, but the same publicity should be given to operations carried out by law enforcement agencies against trafficking of counterfeit goods, because this is the biggest obstacle to the development of the country. RJ

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