

WCO

WCO Joint Enforcement Action against Counterfeiting and Piracy in the Asia / Pacific Region (Action IPR A/P)

Final Report

The World Customs Organization

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The first IPR operation in the Asia/Pacific Region organized by the World Customs Organization (WCO) resulted in the interception of 521,602 items and 201,951 kg of counterfeit/illicit products. Among the primary targets of the Action (health and safety related products), pharmaceutical products were the most frequently intercepted, while spare parts and foodstuffs were intercepted in the largest volumes. There were substantial differences in the types of good intercepted by each Member, indicating the importance for national Customs administrations to be able to identify and focus on the products most vulnerable to IPR infringements in their country. The importance of East Asia as the main departure zone for counterfeit products remains unchanged, though some diversification in production countries has also been observed.

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1. EXECUTIVE SUMMARY

The first IPR operation in the Asia/Pacific (A/P) Region organized by the WCO resulted in the interception of 521,602 items (countable) and 201,951 kg (non-countable), across 498 cases. Some 26 Member administrations in the A/P Region raised the level of enforcement on IPR and health and safety-related products for 12 days, from 23 November to 4 December 2015. While achieving its initial objectives, namely raising awareness of the importance of Customs controls on IPR products and identifying the most vulnerable product categories, the operation also brought to light some interesting findings.

- The largest number of cases involved medication to treat erectile dysfunction (ED) (45 cases), making it the most frequently intercepted counterfeit product.
- In terms of the actual volume of products, spare parts for cars (156,887 items) and foodstuffs (49,048 kg) were the largest categories intercepted.
- The United States was the destination country for the highest number of cases (145), followed by Japan (112). Europe as a whole was the destination for 165 cases, with the United Kingdom being the main country of destination (56), followed by Italy (31) and Germany (23).
- The types of goods intercepted, as reported by participating Members, varied a great deal. This might be partly explained by the variety of consumers' demands for (IPR infringing) goods in each Member's market. Individual Customs efforts to find out what is demanded and what is supplied by carefully analysing past seizure/interception data is strongly advised.
- In terms of departure countries of counterfeit products, China was the country with the highest number of cases at departure, followed by Hong Kong (China) as distant runner-up.
- Substantial volumes of textile (clothing) and bag seizures departed from Bangladesh. Diversification or shifts in production area might be taking place for light industry products (such as clothing), for which China has long been regarded as the major departure country.
- Several products immediately attracted our attention because they are not often seen in standard interceptions but should alert Customs because of their potential health risks: these include dustproof masks intercepted by Singapore Customs and coco peat intercepted by Sri Lanka Customs (bound for Turkey).
- Among the different categories of illicit goods, a variety of products for babies and children were intercepted. Baby's diapers, baby's carriers, toys, and water bottles, just to name a few. These products might look benign and innocent. However, considering the potential usage of unregulated substances or untested materials in a less hygienic environment combined with the children's general nature of putting things in their mouth, the implication for health and safety of small children cannot be neglected.

2. OUTLINE OF THE ACTION

2. OUTLINE OF THE ACTION

Code Name	Action IPR A/P		
Main Objectives of the Action	<ul style="list-style-type: none"> • Identify capacity building needs in the IPR domain. • Identify good practices in IPR enforcement. • Strengthen cooperative relationships with Right Holders. • Raise awareness among frontline officers. • Make use of the IPM system • Enhance enforcement intelligence, where possible. • Identify vulnerable product categories. 		
Results	521,602 pieces and 201,951 kg of counterfeit/illicit items were intercepted In 498 cases		
Participating Members	26 WCO Member administrations in the Asia/Pacific Region		
	(1)	Bangladesh	(14) Maldives
	(2)	Bhutan	(15) Mongolia
	(3)	Cambodia	(16) Pakistan
	(4)	China	(17) Papua New Guinea
		*Shanghai (S)	*Port Moresby
	(5)	Fiji	(18) Samoa
	(6)	Hong Kong (China)	(19) Singapore
	(7)	India	(20) Sri Lanka
			*Port of Colombo(S)
	(8)	Indonesia	(21) Thailand
			*Leam Chabang Port (S)
	(9)	Iran	(22) Timor-Leste
	(10)	Japan	(23) Tonga
	(11)	Korea (Republic of)	(24) Myanmar (Republic of the Union of)
			*Myanmar Industrial Port (S)
			*Yangon Airport Warehouse (A)
	(12)	Macao, China	(25) Vanuatu
	(13)	Malaysia	(26) Vietnam
		*Port Klang (S)	
		*Penang Port (S)	
		*Port of Pasir Gudang (S)	
		*KL Int'l Airport (A)	
		*Padang Besar (L)	
		*Bukit Kayu Hitam (L)	
		*Rantau Panjang (L)	
Duration of the Action	12 days (23 November – 4 December 2015)		
Pre-Action Workshop	21-23 September 2015 (Royal Malaysian Customs Academy (AKMAL), Malaysia)		
Post-Action Workshop	21-23 March 2016 (Bangkok, Thailand)		
Target product area	Six pre-set targeted product areas:		
	(1)	Pharmaceutical items	(4) Pesticides
	(2)	Toiletries/cosmetics	(5) Machines and vehicles (includes spare parts)
	(3)	Foodstuffs/beverages/tobacco	(6) Games and toys
Reporting format	(1)	Standard Excel format for Action IPR A/P	
	(2)	CENcomm seizure template	
WCO Tool used	(1)	CENcomm	
	(2)	IPM	
Set-up for the Action	(1)	The Royal Customs Department of Malaysia proposed the Action, as Vice-Chair for the Asia/Pacific Region. It also hosted the Pre-Action Workshop at AKMAL.	
	(2)	Japan Customs funded both the Pre-Action and Post-Action Workshops.	
	(3)	The Regional Office for Capacity Building (ROCB) A/P organized the logistical arrangements for the Pre-Action and Post-Action Workshops.	
	(4)	The RILO A/P carried out data compilation, statistics and final analysis.	
	(5)	Participating Member administrations set up National Contact Points (NCPs).	
	(6)	The WCO Secretariat collaborated with all the stakeholders.	

3. RESULTS OF THE ACTION

- (1) Types of the Product Intercepted
- (2) Destination Countries
- (3) Last Departure Countries
- (4) Transport Methods
- (5) Interesting Findings

(1) Types of product intercepted

	No of Cases	Quantity	
		Pieces	Kg
Pharmaceutical products (Medicine ED (Erectile dysfunction))	45	2,990	
Electrical appliances (Other)	40	4,755	
Games and toys (Other)	15	19,322	8,450
Spare parts (Automobiles (cars))	13	156,887	36,926
Toiletries / cosmetics (Other)	8	141	
Mobile phones and accessories(Other)	4	254	
Foodstuff	2		49,048
Pharmaceutical products (Other)	2	8,806	
Spare parts (Machines)	2		8,661
Tobacco (Cigarettes)	2	59,980	
Computer Accessories (Hardware)	1	8,420	
Computer Accessories (Other)	1	6	
Electrical appliances (Video game machine)	1	30	
Mobile phone and accessories (Mobile phones)	1	3	
Toiletries / cosmetics (Make-up)	1	5	
Toiletries / cosmetics (Perfume)	1	1	
Other	359	260,002	98,866
Total	498	521,602	201,951

- The highest number of cases related to ED medication (45 cases), meaning that this medication was the most frequently intercepted counterfeit product, followed by electrical appliances (40) and games and toys (15).
- In terms of actual volume of products, spare parts for automobiles (156,887 items) and foodstuffs (49,048 kg) were the biggest categories of seized goods.
- Most of the spare parts were intercepted by China Customs during export controls and were bound for the United Kingdom.
- Products which are not included in the pre-set six targeted product categories fall under 'Other' category. Those products include 143,387 items of baby's diapers intercepted by the Customs of Papua New Guinea.
- Personal belongings, such as clothing, shoes, bags, etc.) typically constitute the rest of the 'Other' product category.

(1) Types of Products intercepted (continued)

- Amongst the six pre-set targeted product areas, no interceptions were made in the pesticide category. In the presence of ubiquitous counterfeiting activities in virtually all the industry fields, it is not reasonable to conclude that the level of counterfeiting is lower in the pesticides category. There might be several reasons. Lower awareness level among customs officers towards fake pesticides, difficulty in detecting which stems out of possible re-packaging, difficulty in identification, and the fact that there are multiple authorities involved in the enforcement (customs, health, agriculture), to name a few.



Part of the 143,387 items of baby's diapers etc. intercepted by PNG Customs.
Photo courtesy of PNG Customs

(2) Destination countries

Destination	No of Cases	Quantity	
		Pieces	Kg
United States	145	2,749	
Japan	112	25,562	
United Kingdom	56	156,372	
Malaysia	34	108,941	177,351
Italy	31	119	
Germany	23	24	
France	13	34	
Netherlands	13	17	
Sri Lanka	10	61,460	
Spain	10	48	
Canada	6	6	
Israel	4	5	
Papua New Guinea	3	148,989	
Switzerland	3	4	
Korea, Republic of	3	4	
Belgium	3	3	
Sweden	3	3	
Thailand	2	5,570	
Portugal	2	5	
Philippines	2	5	
Australia	2	2	
Indonesia	2	2	
Vietnam	1	8,420	
Singapore	1	3,224	
Kuwait	1	14	
Jordan	1	5	
Brazil	1	3	
Uganda	1	2	
Dominican Republic	1	2	
Luxemburg	1	1	
Monaco	1	1	
Croatia	1	1	
Denmark	1	1	
Nigeria	1	1	
Egypt	1	1	
United Arab Emirates	1	1	
New Zealand	1	1	
Turkey	1		24,600
Total	498	521,602	201,951

(2) Destination countries (continued)

- The cases reported in this section include the interceptions conducted by Customs in importing countries, transshipment countries or exporting countries. The majority of the cases were reported by Customs in importing countries.
- The United States was the destination country for the highest number of cases (145), followed by Japan (112). Europe¹ as a whole was the destination of 165 cases, with the United Kingdom being the main country of destination (56), followed by Italy (31) and Germany (23).
- The number of cases listed for the above-mentioned countries was large, however the actual quantities of products intercepted were relatively small (with the exception of the United Kingdom). These relatively insignificant quantities of goods combined with the high level of incidences suggest the presence of multiple small consignments going to the same countries.
- Most of the products bound for the United Kingdom were spare parts for automobiles.
- Malaysia was also a major destination country for counterfeit products. There was quite a variety in the types of product intercepted, with no single product standing out from the rest.

¹ WCO definition.

(2) Destination countries (continued)Destination countries and countable products bound for them

Destination Countries	Number of cases	Quantity (items)
UNITED STATES	145	2,749
Pharmaceutical products (ED medications)	12	1,810
Electrical appliances (Headphones)	3	3
JAPAN	112	25,562
Electrical appliances (Batteries)	25	1,376
Electrical appliances (AC adapters)	8	145
Electrical appliances (Battery chargers)	1	20
Electrical appliances (Headphones)	1	10
Electrical appliances (Video game machine)	1	30
Pharmaceutical products (ED medications)	33	1,180
Spare parts (Automobiles(cars))	9	270
Mobile phones and accessories (Parts)	2	167
Mobile phones and accessories (Adapters)	1	50
Mobile phones and accessories (Mock-ups)	1	37
Mobile phones and accessories (Mobile phones)	1	3
Game and toys (Toys)	11	202
Toiletries/cosmetics (Beauty products)	8	141
Toiletries/cosmetics (Make-up)	1	5
Toiletries/cosmetics (Perfume)	1	1
Computer Accessories (Software)	1	6
Other (Personal belongings, such as clothing, shoes, bags etc.)	6	21,918
Other (Baby carriers)	1	1
UNITED KINGDOM	56	156,372
Spare parts (Automobiles (cars))	1	156,168
Electrical appliances (Headphones)	1	1
Other (Personal belongings, such as clothing, shoes, bags etc.)	54	203
MALAYSIA	21	108,941
Game and toys (Toys)	1	18,810
Electrical appliances (Rice cooker)	1	3,200
Spare parts (Automobiles (cars))	1	449
Other (Personal belongings, such as clothing, shoes, bags, etc.)	18	86,482
SRI LANKA	10	61,460
Tobacco (Cigarettes)	2	59,980
Game and toys (Toys)	1	60
Other (Water bottles)	4	592
Other (Pencil box)	1	633
Other (Umbrella)	1	120
Other (Personal belongings, such as clothing, shoes, bags, etc.)	1	75
PAPUA NEW GUINEA	3	148,989
Pharmaceutical products (Other)	1	5,582
Other (baby's diapers, etc.)	2	143,407
VIETNAM	1	8,420
Computer Accessories (Hardware)	1	8,420
SINGAPORE	1	3,224
Pharmaceutical products (Dustproof masks)	1	3,224

(2) Destination countries (continued)Destination countries and countable products bound for them (continued)

AE, AU, BE, BR, CA,CH ,DE, DK, DO, EG, ES, FR, HR, ID, IL, IT, JO, KR, KW, LU, MO, NG, NL, NZ, PH, PT, SE, , TH, UG	135	5,885
Other (Personal belongings, such as clothing, shoes, bags, etc.)	135	5,885
Total	484	521,602

(2) Destination countries (continued)Destination countries and non-countable products bound for them (continued)

Major Destination Countries	Number of cases	Quantity (kg)
MALAYSIA	13	177,351
Foodstuff	2	49,048
Spare parts (Automobiles(cars))	2	36,926
Spare parts (Machines)	2	8,661
Game and toys (Toys)	2	8,450
Others (Household stuff)	3	50,483
Others (Personal belongings such as clothing, Shoes, Bags etc.)	2	23,783
Turkey	1	24,600
Others (Coco peat)	1	24,600
Total	14	201,951

(2) Destination Countries (continued)

- The United Kingdom was the main country of destination in the category of countable products (previous page). A single consignment of spare parts for automobiles (cars), intercepted by China Customs at export control, secured its position.
- The types of intercepted good reported by participating Members varied a great deal. This might be partly explained by the variety of consumer demand for (IPR infringing) goods in each Member's market. Individual Customs are strongly advised to ascertain product supply and demand by carefully analysing past seizure/interception data.
- Several products immediately attracted our attention because they are not often seen in standard interceptions but should alert Customs because of their potential health risks: these include dustproof masks intercepted by Singapore Customs and coco peat intercepted by Sri Lanka Customs (bound for Turkey).
- Interceptions of dustproof masks by Singapore Customs are particularly interesting and indicative. This special type of surgical mask can be used either for medical or dust prevention purposes. Recent concern over frequently-reported air pollution in Asia might be the reason for the growing demand for effective dustproof masks, such as the N95.



Dustproof masks intercepted by Singapore Custom

(2) Destination Countries (continued)

- The unique nature of the product category bound for each Member country reminds us of the importance of intelligence-driven risk management, focusing on the most vulnerable products. Keeping seizure records to analyse the trend or cooperating with related governmental agencies to better understand market demands should be a vital part of Customs' IPR enforcement activities.

- It is quite understandable that in this Action, the main destination countries were the most economically advantaged, such as the United States, Japan and major European countries. Malaysia or Sri Lanka, in contrast, are yet to become as economically dominant as those countries, but still made a substantial number of interceptions. We could interpret that the variety and volume of counterfeits bound for Malaysia and Sri Lanka (mostly intercepted by those countries) clearly reflect the level of counterfeit business operating in this region. Because of the limited length of the Action, other Members might not have been able to make the same level of interceptions. Those by Malaysia and Sri Lanka remind us of the potential we have and what Customs could do at borders.

(3) Countries of last known departure

Departure countries	Number of cases	Quantity	
		items	Kg
China	461	201,188	119,642
Hong Kong (China)	18	3,823	
Bangladesh	3	89,641	
Thailand	3	5	
United Arab Emirates	2	59,980	
Philippines	2	6	
United Kingdom	2		8,661
Vietnam	2		49,048
Singapore	1	17,820	
Sri Lanka	1		24,600
Unknown	3	148,989	
Total	498	521, 602	201,951

- China was the country with the highest number of counterfeit products on departure (461 cases). In an attempt to minimize the impact, China Customs always pays closer attention to export controls than any other Customs administration in the world, in order to intercept counterfeit goods. This constant effort by China Customs resulted in the interception of 156,887 spare parts (see next page) during the Action.
- Hong Kong (China) was distant runner-up to China as countries of departure.
- In other countries, such as Bangladesh and UAE, the quantities of interceptions were quite large for the relatively small number of cases.
- These observations indicate that counterfeit products with China as their last known country of departure are more likely to arrive in small consignments, while products coming from other major departure countries (Bangladesh, UAE, etc.) arrive in larger batches.

(3) Countries of last known departure (continued)Departure countries and the countable products having departed from them

Last Departure Countries	Number of Cases	Quantity (items)
CHINA	452	201,338
Spare parts (Automobiles (cars))	11	156,887
Game and toys (Toys)	13	19,322
Computer Accessories (Hard disks)	1	8,420
Computer Accessories (Software)	1	6
Electrical appliances (Rice cooker)	1	3,200
Electrical appliances (Batteries)	19	976
Electrical appliances (AC adapters)	6	100
Electrical appliances (Headphone)	5	14
Electrical appliances (Video game controllers)	1	30
Pharmaceutical products (ED medications)	39	2,885
Pharmaceutical products (Dustproof masks)	1	3,224
Mobile phones and accessories (parts)	1	165
Toiletries/cosmetics (Beauty products)	5	86
Toiletries/cosmetics (make-up brush)	2	54
Toiletries/cosmetics (Perfumes)	1	1
Other (Personal belongings, such as clothing, shoes, bags, etc.)	337	4,391
Other (Pencil box)	1	633
Other (Water Bottles)	4	592
Other (Umbrella)	1	120
Other	2	232
HONG KONG (CHINA)	18	3,823
Electrical appliances (Batteries)	6	400
Electrical appliances (AC Adapters)	2	45
Electrical appliances (Battery chargers)	1	20
Pharmaceutical products (ED medications)	3	100
Mobile phones and accessories (Adapters)	1	50
Mobile phones and accessories (Mock-up)	1	37
Mobile phones and accessories (Parts)	1	2
Mobile phones and accessories (Mobile phones)	1	3
Other (Personal belongings, such as clothing, shoes, bags, etc.)	2	3,166
BANGLADESH	3	89,641
Other (Personal belongings, such as clothing, shoes, bags, etc.)	3	89,641
THAILAND	3	5
Pharmaceutical products (ED medications)	3	5
UAE	2	59,980
Tobacco (Cigarettes)	2	59,980
PHILIPPINES	2	6
Toiletries/cosmetics	1	6
SINGAPORE	1	17,820
Other (Personal belongings, such as clothing, shoes, bags, etc.)	1	17,820
UNKNOWN	3	148,989
Pharmaceutical products (Other)	2	5,582
Other (Diapers, etc.)	1	143,407
Total	484	521,602

(3) Countries of last known departure (continued)

Departure countries and the countable products having departed from them

- In terms of the number of countable products, 201,188 last departed from China, followed by Bangladesh, UAE and Singapore.
- The types of product leaving China as the last known country of departure are spread throughout virtually the entire industry.
- Roughly speaking, the products which were intercepted in sizeable volumes leaving China as the last known country of departure were mostly in the general machinery category (such as spare parts for automobiles and computer accessories) or light chemical products (medicines, toiletries/cosmetics). The presence of textiles such as clothing (found in substantial volumes in Bangladesh) was not significant.
- Substantial volumes of textile seizures (clothing) and bags departed from Bangladesh.
- Diversification or shifts in production area might be taking place for light industry products (such as clothing), for which China has long been regarded as the major departure country.

(3) Countries of last known departure (continued)Departure countries and the non-countable products having departed from them

Last Departure Countries	Number of Cases	Quantity (kg)
CHINA	9	119,642
Spare parts (Automobiles(cars))	2	36,926
Game and toys (Toys)	2	8,450
Others (Household stuff)	3	50,483
Others (Personal belongings such as clothing, Shoes, Bags etc.)	2	23,783
VIETNAM	2	49,048
Foodstuff	2	49,048
SRI LANKA	1	24,600
Coco peat	1	24,600
UNITED KINGDOM	2	8,661
Spare parts (Machines)	2	8,661
Total	14	201,951

- In terms of the number of non-countable products, 119,642 kg left China as the last known country of departure, followed by Vietnam (49,048 kg) and Sri Lanka (24,600 kg).
- Sri Lanka Customs intercepted substantial amount of coco peat during export control. Coco-peat is a type of soil used for agriculture and horticulture. It is not difficult to imagine how the untested chemical composition of this fake plant compost could be harmful to human health. This very interesting interception by Sri Lanka Customs (during export controls) reminds us of the fact that nothing is immune to counterfeiting.

(3) Countries of last known departure (continued)

Departure countries and the non-countable products having departed from them



Coco peat intercepted by Sri Lanka Customs

(4) Transport methods

	No of Case	Quantity	
		Pieces	Kg
Express	370	4,796	
Post	68	3,246	
Sea	37	451,440	201,951
Air	21	60,242	
Unknown	2	1,728	
Total	498	521,602	201,951

- A substantial proportion of the interceptions was made either in postal or express courier channels. The relatively low volume of intercepted items in postal and express courier channels, in combination with the frequency of the interceptions in those channels, indicates that a substantial number of transactions were carried out via small consignments.
- Conventional modes of transport (such as sea or air cargo) are still being exploited and their importance cannot be neglected. In terms of the actual volume of the products (items and kg), transport by sea was by far the most vulnerable route.



Conventional modes of transport (such as sea cargo) are still being exploited and their importance cannot be neglected.

(5) Interesting Findings

➤ **Products for babies and small children**

Among the different categories of illicit goods, a variety of products for babies and children were intercepted. Baby’s diapers, baby’s carriers, toys, and water bottles, just to name a few. These products might look benign and innocent. However, considering the potential usage of unregulated substances or untested materials in a less hygienic environment combined with the children’s general nature of putting things in their mouth, the implication for health and safety of small children cannot be neglected.



Baby’s diapers intercepted by PNG Customs



The similar type of Baby’s carrier intercepted by Japan customs (photo from the Ministry of Finance website, Japan)



Water bottles for children intercepted by Sri Lanka Customs



Umbrellas for children intercepted by Sri Lanka Customs



Toy cars for children intercepted by Sri Lanka Customs