



Powering Business Worldwide

Global Collaborations Stop Counterfeit Electrical Products at their Source

Kevin Harris, international policy manager, Eaton Corporation's Electrical Sector in the United Kingdom, became chairman of the British Electrotechnical and Allied Manufacturers Association's (BEAMA) Anti-counterfeiting Working Group six months after its establishment. Eaton is a global leader in power distribution, power quality, control and industrial automation products and services. Below, Harris shares his experience working with BEAMA to stop the creation and marketing of counterfeit electrical products.

BEAMA, a trade association in the United Kingdom, represents more than 300 electrical companies within and outside of the U.K. BEAMA's Anti-counterfeiting Working Group, established in 2001, exemplifies the progress that can be made from a global-level collaboration of manufacturers, associations and law enforcement agents to battle counterfeit electrical products. The group, consisting of 10 companies representing 18 brands, pulls together resources to take action in countries where counterfeit electrical products originate and are marketed. BEAMA has executed 300-400 raids on illicit manufacturers, and 12 million products have been seized and destroyed.

More than 90 percent of counterfeit products originate in China. They find their way to the United States, Canada and Western Europe, and have a strong presence in Africa, Asia, Latin America and the Middle East. According to BEAMA, counterfeit products represent up to 7 percent of all world trade and profits are linked to organized crime and international terrorism. Worldwide, counterfeiting costs the electrical products industry \$600 billion annually.

In many instances, counterfeit products appear to be genuine, but they are unable to meet minimum performance specifications. Manufacturers of counterfeit products often use

inferior materials without regard for meeting published ratings or safety. These “knock-offs” consistently fail independent certification testing from organizations such as Underwriters Laboratories (UL). Instead, counterfeit product manufacturers rely on deception and prices that are below market level to find their way into our homes, businesses and electrical infrastructure. Although counterfeit products may appear to be attractive because of lower pricing, they are unsafe copies. A counterfeit electrical device can lead to fires, shocks or explosions that can lead to injury or even death.

Describe some of the counterfeiting raids.

On behalf of BEAMA and Eaton, I participate in raids about twice a year and the trips are usually to China. BEAMA’s investigators feed us information and our group members take turns traveling to meet with the investigators and participate in raids and destructions, eliminating counterfeit products from the cradle to the grave. During most trips, I begin by meeting with the Administration for Industry and Commerce (AIC) and other authorities in Southeast China to conduct the raids. Timing is important for raids because if we arrive too early, we might lack evidence, and if we arrive too late, the products could be gone.

Do you feel threatened or vulnerable during the raids?

Usually, I’m more concerned about my safety in the taxis than in the actual raids since driving there can be quite dangerous and sometimes you see cars coming at you on the wrong side of the road. I rarely see resistance or hostility in factory raids because the factory owners and workers show full respect to the authorities in China.

What do these raids accomplish?

During our most recent factory raids in China, we destroyed two to three months’ worth of counterfeit products. Unfortunately, after a raid, it is quite simple for the factory workers to pick up and move their counterfeit product development elsewhere, but if enough people take action, we might one day put them out of business for good.

How are counterfeiters able to get away with the crime?

Two terms we use frequently in the anti-counterfeiting industry are “political will” and “deterrent penalty.” China doesn’t appear to have a political will to resolve this issue. I’ve seen four-story factories where the top floor contains the living quarters along with children who often work in the factories. Millions of people would be out of work if counterfeiting in China came to a halt, and some would lose their factory homes, too. Counterfeiters who are caught simply pay a fine and move on to another factory to once again produce counterfeit products. The same is true in countries where counterfeit products are marketed. Until penalties become deterrents, I don’t see anything stopping the counterfeit trade unless we can globally find a resolution through the Chinese government and organizations such as the World Trade Organisation (WTO) and the World Customs Organisation (WCO).

What can I do to help?

The counterfeiting industry is overwhelming, but that’s no reason to give up and let it continue. Stopping the sale of counterfeit products is everyone’s responsibility – manufacturers, distributors, resellers (authorized and unauthorized) and customers alike.

It’s helpful to remember the three Ps:

- **Person:** Do you know – and trust – the person who sold you the product? Is he authorized to sell the products?
- **Place:** Did you buy it at a place from which a recognized trader operates?
- **Price:** Was the price in line with what you normally pay?

If the answer to any of these questions is “no” – beware! There is a risk that you’re buying counterfeit goods if you’re not certain of the source. Whenever possible, I urge you to purchase electrical products from an authorized representative or distributor of the genuine manufacturer.

We must continue to work together on a global level to prevent these unsafe counterfeit products from causing harm to people and property. To find more information on BEAMA’s anti-counterfeiting programs, visit www.counterfeit-kills.com for news,

videos and a whistle-blowing section to report suspicions of electrical counterfeit goods being sold.

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