

Like fireworks, fake components can burn the supply chain

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Since July 4, 1776, the United States has marked its independence from England with parades, patriotic songs and fireworks. But long before the U.S. was even conceived, China was using fireworks to commemorate its special occasions.

The earliest documentation of fireworks dates back to 7th century China where they were widely used in festivities. Fireworks are an important part of Chinese culture and have spread to other countries and cultures around the world to provide entertainment and amusement.

China is also a major exporter of fireworks. The small explosives, like almost any other product, run the risk of being counterfeited. According to an April 2013 report on transnational crime in Asia by the United Nations Office on Drug and Crimes, two-thirds of all counterfeit trade is from China

(http://www.unodc.org/documents/southeastasiaandpacific//Publications/2013/TOCTA_EAP_web.pdf [1]).

A lot of this counterfeit product is ending up in the United States. The U.S. Customs department reports that from 2008 to 2010, some 87 percent of counterfeit goods seized originated in China. The Organization for Economic Cooperation and Development estimates the economic impact of counterfeits is significant: Global trade loses about \$650 billion per year to counterfeit goods, and the U.S., about \$250 billion. These numbers rival that of illegal drug trafficking.

Counterfeiters also are becoming increasingly sophisticated in their knock-offs, according to media reports

(<http://money.cnn.com/galleries/2012/pf/1202/gallery.counterfeit-goods/index.html?iid=EL> [2]). Although consumer goods are most often targeted by counterfeiters, they rarely pose a danger. Items such as electronics components,

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drugs, and chemicals do. Counterfeit medicine/pills, chemicals, and mission-critical electronic components can have potentially lethal results.

The Chinese government is making an effort to stem the tide of counterfeits coming out of China. Special task forces have been assigned to stage raids, seizures, and shut down illicit factories. In 2011, the Chinese government conducted a nine-month enforcement drive, leading to the arrests of more than 9,000 suspects, the seizure of \$530 million worth of counterfeit products, and the closure of almost 13,000 illegal factories. Raids in July of 2012 across 190 cities resulted in the confiscation of goods valued at \$182 million, the arrest of more than 2,000 people, and the closing of counterfeit 1,100 facilities

(<http://www.ibtimes.com/counterfeit-goods-most-china-account-2-percent-world-trade-1199559> [3]).

Most recently, Guangdong police investigated 687 cases involving the production and sale of counterfeit goods. Authorities shut down 497 counterfeit facilities and detained 168 suspects thus far. More than 21 million fake products were seized at a value of some 217 million dollars

(http://www.chinadaily.com.cn/china/2013-04/24/content_16444880.htm [4]).

In the days following America's celebration of the Fourth of July, safety should be paramount. Even authentic fireworks, when mishandled, pose a danger. Securing the supply chain from counterfeiters is no easy task, but it's the only way to ensure product safety. Best practices in design, procurement, manufacturing, and distribution must be analyzed and improved upon to establish the most secure supply chain possible. No system is perfect, however, and new standards are required to prevent counterfeits and substandard devices from ever reaching a customer.

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